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BELARUSIAN YEARBOOK

2009

**A survey and analysis of developments
in the Republic of Belarus in 2009**

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CONTENTS

| | |
|--------------------|---|
| Editorial foreword | 6 |
|--------------------|---|

STATE AUTHORITY

| | |
|---|---|
| <i>Vital Silitsky</i> Presidential administration — an uncertain new line | 8 |
|---|---|

| | |
|--|----|
| <i>Zmicier Kuhlei</i> Representative power branch | 17 |
|--|----|

| | |
|---|----|
| <i>Vadim Sehovitch</i> Government: A crisis test | 25 |
|---|----|

| | |
|---|----|
| <i>Andrei Kazakevich</i> Judicial Power: Relative autonomy and accent on “freedom” | 32 |
|---|----|

| | |
|--|----|
| <i>Sergej Satsuk</i> Law Enforcement Agencies: New Personnel Policy | 41 |
|--|----|

| | |
|--|----|
| <i>Alexander Alesin</i> Armed forces: Slow-paced rearmament | 48 |
|--|----|

FOREIGN POLICY

| | |
|--|----|
| <i>Valeria Kostyugova, Anatoli Pankovski</i> Russian-Belarusian Relations: Together apart | 54 |
|--|----|

| | |
|---|----|
| <i>Denis Melyantsov</i> Belarus-EU: Protracted normalization | 64 |
|---|----|

| | |
|---|----|
| <i>Kamil Klysinski</i> Polish-Belarusian Relations: Continuation of pragmatism | 74 |
|---|----|

| | |
|--|----|
| <i>Gennadi Maksak</i> Belarus — Ukraine: On the way to strategic cooperation? | 81 |
|--|----|

| | |
|--|----|
| <i>Andrei Fyodorov</i> Belarus — USA: Who should take the first step? | 90 |
|--|----|

| | |
|---|----|
| <i>Sergei Bogdan</i> From Karakas to Tehran: Belarusian Diplomacy in Asia, Africa, Latin America and Africa | 99 |
|---|----|

SOCIETY

| | |
|--|-----|
| <i>Yuri Chausov</i> Political parties in times of political standstill | 113 |
| <i>Tatyana Vodolazhskaya</i> The third sector: Two response options to challenges | 125 |
| <i>Alexey Medvetsky</i> Mass Media: Selective liberalization against the background of repressions | 133 |
| <i>Marina Sokolova</i> Belarusian Media Online: Users, structure, legislation and regulation | 141 |
| <i>Svetlana Matskevich</i> Education: <i>no problems</i> , or Self-determination the Belarusian way | 152 |
| <i>Alexander Gritsanov</i> Science: Innovation, imitation, degradation | 166 |
| <i>Natallia Vasilevich</i> Religious Sphere Development in Belarus: Between the pope and the patriarch | 175 |
| <i>Maksim Zhbakov</i> Culture: Quest for new matrices | 191 |
| <i>Maria Eismont</i> Healthcare: High technologies vs management inefficiency | 199 |
| <i>Boris Tasman</i> Sport Stuck in the Development Model | 206 |
| <i>Sergey Nikolyuk</i> Public Opinion. President's Rating as Last Islet of Stability | 214 |
| <i>Nadezhda Yefimova</i> Economic Crisis: 2009 as mirrored by public opinion | 221 |

ECONOMY*Dmitry Kruk*

Macroeconomics:

Growth based on unstable factors 231

Alexander Mukha

Belarusian Banking Sector and Money Market Review 2009 243

Kiryl Haiduk

Labor Market and Social Policy:

Controversial targets: wage push and preservation
of employment 250*Yelena Rakova*

Energy Sector: Rent Cuts 259

Tatiana Manionok

More Loans instead of Privatization 267

Konstantin Skuratovich

Agriculture: Irredeemable debts 274

APPENDIX. References 280**AUTHORS** 331

EDITORIAL FOREWORD

The Belarusian Yearbook has become a traditional annual effort of Belarusian experts and specialists to compile a conceptualized chronicle of the country's modern history. This unique publication offers an integrated analytical account of events and trends in different governmental and social spheres.

In 2009 social and political life in Belarus was determined by the world economic crisis, the country's negotiations with the International Monetary Fund about minimization of the impact of the crisis, a broader dialogue with Europe, and Belarus joining the EU Eastern partnership program. These international processes reflected differently on all segments of Belarusian social life. The contributors to the Yearbook sought to provide an adequate and politically neutral review of these processes. However, the editors and the authors gave preference to deep analysis and wide coverage of events and trends, rather than to the neutrality of the approach.

Contributing to this yearbook were independent analysts and experts, as well as specialists representing different research centers, such as the Belarusian Institute for Strategic Studies (Lithuania), the Institute for Political Research Palitychnaya sfera ("Political Sphere"), the Research Center of the Institute for Privatization and Management, the Agency of Humanitarian Technologies — Center for Social Innovation, Novak Axiometric Research Laboratory, the Independent Institute for Social, Political and Economic Studies, the Centre for Eastern Studies (Warsaw, Poland), the analytical center Polesye Fund of International and Regional Studies (Chernigov, Ukraine), and the research center eBelarus.

The authors of this yearbook hope that, on the one hand, their work will stimulate public debate about current transformations in Belarus and development options open to the country and, on the other hand, it will benefit state functionaries, business leaders, members of the diplomatic corps, journalists, politicians and community leaders.

Valeria Kostyugova
Anatoly Pankovsky
Vitali Silitsky

STATE AUTHORITY

PRESIDENTIAL ADMINISTRATION – AN UNCERTAIN NEW LINE

Vital Silitsky

Summary

In 2009 the presidential administration remained the decision-making “epicenter”. The main tendencies of its activity that we had outlined in the previous analysis¹, – the substitution by the administration of the activity of some state bodies, its transformation into the shadow Ministry of Foreign Affairs and the shadow Ministry of Economy – showed themselves in new colors in 2009. What also deserves attention is the actual transformation of the administration into the shadow intelligence service in connection with the occurrence of the operative-analytical centre under the president of Belarus which received large powers concerning investigatory operations and control over the Internet space. The activity of the presidential administration was defined by the personnel policy of the head of the state and by the agendas of the management of the administration who started to combine the status of state machinery politicians with the status of public politicians. As to the consequences of the activity of the presidential administration for inner and foreign policy of the development of the country, they were formed by uncertainty of the general vector of the development of the state and certain entropy of “Lukashenka’s transformations” – even despite the external pressure and the world crisis, the system managed to survive without radical transformations; therefore the activity of the presidential administration entirely coincided with “the adaptable scenario” that had been realized by the authorities since 2007, – carrying out of a minimum of the transformations necessary to satisfy external donors, the basic geopolitical players.

Tendencies:

- The presidential administration keeps frustrating economic reforms;
- The activity of the presidential administration substitutes the activity of other state governing bodies;
- Senior executives of the administration get the status of public politicians

Presidential administration as the shadow government

As for economy “the shadow Ministry of Economy” became the main factor of blocking privatization in 2009. Assistant to the

¹ Silitsky V. Presidential Administration // Belarusian Year book 2008. Minsk, 2009. – Pp. 7 – 18.

president Siarhey Tkachou confirmed his reputation of anti-reformer in an article of newspaper "Soviet Belarus" in August, 2009, having said that "nobody has yet proved the advantages of private property over the state one". Moreover, Tkachou actually called for curtailment of those half-reforms in the sphere of liberalization of conditions of business that had been carried out during the previous two years. In particular, Tkachou said that in the real partnership relations with the state private business must use its profit for social needs, otherwise the state can nationalize the property².

The presidential administration successfully struggled with the government and the Ministries of Economy in order not to ease the control over transferring of the property to the private individuals from the head of the state. The bill, prepared by the government and blocked at the presidential administration, provided the possibility to sell the shares of companies which had not been sold at competitive auctions, at the stock exchange, allowed the sale of unprofitable enterprises for the balance price, gave the chance to company sales at one participant of auction when other requests did not come and also provided a new mechanism of denationalization — transfer of the enterprise to management. The status quo at which the privatization approval is necessary, even for transactions with the minimum sum, remained. At the same time it is not necessary that privatization will be blocked in general in the future. Probably, transactions with low sums can keep the considerable "undercover" conditions of property sale, which is important for control over power and money in the course of redistribution of actives.

As for the foreign policy the presidential administration became a conductor of the policy of balancing between the East and the West which was started by president Lukashenka. Despite the wealth of foreign policy events in 2009, the visit of the head of the administration Uladzimir Makey to Georgia for the celebrations of Independence Day in May with the special message of the president of Belarus to the president of Georgia Mikhail Saakashvili can be called a real event. It was the officials of the presidential administration who took the main burden of negotiations on the main foreign policy questions in 2009,

² <http://www.sb.by/post/90719/>

including the Belarusian-Russian disputed episodes, partial normalization of Belarusian-American relations (Emanuel Zeltzer's release is meant here), and also cooperation with European organizations in respect of performance of the EU conditions voiced by the European Commission in 2008, for normalization of the relations. Negotiations on these questions were conducted, as a rule, personally by the head of the presidential administration Uladzimir Makey.

Personnel appointments: updating or shortage?

Personnel appointments in the presidential administration corresponded to the logic of the development of the political system at the present stage — there is a certain rejuvenation which does not lead to qualitative changes. Technocrats and professionals that replace veterans of Lukashenka's system at higher positions do not burn with desire to carry out reforms, and diligently work for stabilization of the system, even if they try to give it a new and more modern shape.

Personnel decisions in the ranks of the presidential administration in 2009 are Natallia Piatkevich's appointment at the post of the first deputy of the president and Mikalai Snapkou's — as a deputy head of the presidential administration on January 9, 2009. On August 4, Valery Mitskievich was appointed another deputy head of the administration. He was promoted from the National centre of legislation and legal research of Belarus. The activity of Piatkevich at the presidential administration will be described further.

As to Snapkou he managed to hold his post for some months only and in December he was appointed Minister of Economy. At the previous post Snapkou had been more in the background, with the exception of the attempts to get into contact with independent economists in connection with advice which he could possibly give to the head of state. Some of the proposals voiced by Snapkou, followed the general course, for example, about additional material stimulation of the heads of state enterprises. In general Snapkou has the reputation of the person "from a preferred set" who came to power at quite a young age due to his origin and ties in native Mahiliou region, and his reshuffle is an example of the increasing

"personnel shortage" and a small "bench" in the presidential vertical.

Valery Mitskevich headed the state legal department, however unlike the other heads of the administration he did not show himself as a public politician. He is known for having taken part in the negotiations with OSCE on the reform of the electoral legislation, and, judging by the additions accepted at the end of year and changes in the electoral code, the primary goal – to liberalize the legislation without posing a threat for the control over elections by the state – was excellently fulfilled. In a previous life Mitskevich was the director of the *National Center of Law Drafting Activities*. In 2007 he introduced a bill which forbade state officials to make contact with the independent press without the consent of their immediate heads, warning that "today there are situations when a government official speaks about his/her versions on this or that question, representing this or that state body but which do not coincide with the point of view of this body"³.

Piatkevich – the ideologist of an uncertain course

Natallia Piatkevich's appointment to the post of first deputy head of the administration of the Belarusian President took place on January 9, 2009 the week following after the devaluation of the Belarus ruble – the second expressively anti-populist step of Lukashenka for the last years after the notorious abolition of social privileges in 2007. Piatkevich, that time adviser to the president, was responsible both for information coverage of that campaign, and for decision "advancement" through the National Assembly. Therefore her promotion was interpreted by some as preparation for new measures on "tightening the screws", which looked true, taking into consideration the approaching economic crisis. Piatkevich, thus, had to provide grounds to the "new course" of Lukashenka – the problem was however that the head of the state still had not decided what this course should be.

Natallia Piatkevich's reputation is quite contradictory. She is undoubtedly one of the most loyal associates of Lukashenka, whose political weight is supported by her alliance with the eldest son of

³ <http://www.svaboda.org/content/Article/759334.html>

the president. According to some opinions, Piatkevich is one of those in the environment of the head of the state who understands the necessity of modernization of the country and certain reforms, certainly, in the context of self-survival of the system. At the same time, Piatkevich's actions characterize her as one of the most reactionary friends of Lukashenka's "internal environment".

As the main ideologist of the country, Piatkevich became a curator of the state mass media and the whole ideological vertical. As for the uncertainty with respect to the state ideology of the head of the country in relation to the "new course", this led to comic turns in the workings of the ideological vertical. In 2009 the range of political orders grew considerably, from the necessity to form a positive image for the European Union in connection with the dialogue of Belarus and the EU (a united political day in June was entirely devoted to the topic of the Eastern Partnership) to the traditional propaganda exercises of the official media (propaganda films that discredit the opposition etc.). In this situation Piatkevich chose for herself the safest way of providing apologetics of the head of state without regard to what policy he pursues, which developed into a famous tirade during the exhibition "Mass media in Belarus" on May 5 in Minsk, that "one must not get used to peace, one must appreciate "every moment of life, each step made by the authorities for the sake of the people"⁴. Her attitude to freedom of the press is displayed by another statement made in September 2009: "The interests of a journalist should coincide with the interests of society. The press should give that information which the society is ready to accept". The interests of society and its ability to accept this or that information are to be defined by the main ideological management of the presidential administration.

As for mass media Piatkevich appeared the main negotiator with representatives of the European structures concerning liberalization of the media space. On the one hand in 2009 there was a certain softening of the climate in relations between the state and independent mass media, partly at the expense of the political dialogue between Belarus and the EU and other European organizations (March seminars with OSCE as mediator, creation of consultative council on mass media with the participation of

⁴ <http://www.nn.by/index.php?c=ar&i=26018>

representatives of non-state press). In 2009 some conflicts between the presidential administration and some heads of the state mass media began to brew, who have a especial status in relations with the head of state and who can take more liberty than an ordinary editor of a state edition (what is meant is an overt "selfish opposition" of the head of the Belarusian Broadcasting Company Aliaksandr Zimouski and the editor-in-chief of "Soviet Belarus" Pavel Yakubovich). On the other hand as soon as the independent press started to cross certain borders (when topics unpleasant for the authorities began to appear on the pages of the non-state press: the private life of the president, corruption or swine flu) — repressive measures were immediately taken by the authorities. Piatkevich herself did not declare a "new course" of the authorities — her actions concentrated rather on the management of the ideological apparatus than on its conceptual maintenance.

Saga about the social council or the parliament which we did not get

As we wrote in the previous issue of the Belarusian year-book, Uladzimir Makey's appointment as the head of the presidential administration would develop into "PR-ization" of the activity of the presidential administration. Makey's voyage into public politics was limited but peculiar and provoked an instant reaction in the mass media, because the style of Makey's public relations actions in some way reminded of the political handwriting of his employer. Visits to housing and utility services in order to control how well the presidential instruction about de-bureaucratization was fulfilled reminded Lukashenka's PR at least because such actions were absolutely precisely directed at the achievement of a media effect. In May Makey repeated his "campaign among the masses", this time having chosen drugstores, checking, whether there were cheap medicines available that had to be accessible to the majority of the population during the crisis. However, these two quite successful PR-actions (they helped to fix Makey's status as a public person) was not continued, and Makey returned to a more habitual role of politician of the state apparatus.

Creation of the social-consulting council under the presidential administration became a political sensation of early 2009, though the event got the "sensational" status because of the unrealizable

expectations about continuation of political liberalization which early in the previous year had already significantly dented. The creation of the council was certainly initiated by the head of the administration and probably it was intended as a certain moral compensation for the EU for the open commitments to hold the parliamentary elections of 2008 more or less in conformity with European standards. The council structure (20 pro-Lukashenka people, 10 persons who are more or less representatives of the opposition and civil community) approximately displayed that state of affairs that would entirely satisfy the European structures and would lead to a faster legitimization of the regime in the European arena. Representatives from "civil society" were the people whom the head of the state would call "not *extreme*" – public persons without expressive aspirations to overthrow the "bloody regime" and the cooperation with whom would give a greater respectability to the system (Piotr Martsau, Yury Zisser, Aliaksandr Patupa, Uladzimir Nistsiuik, Aleh Trusau, Stanislau Bahdankevich, Aleh Hulak, Zhanna Hryniuk, Leanid Zaika). The structure of the pro-governmental representatives is motley enough: from the regime "liberals" (the deputy minister of economy and the former member of the United Civil Party Andrey Tur) to absolutely odious persons such as a former senator Mikalay Charhinets who became famous for his struggle against the Internet and rock music, or the director of the most mysterious research centre of the country Ekaom Mikalay Musienak.

The question remains whether Uladzimir Makey intended to receive competent advice about some decisions which then could be presented to the head of the state. The head of the council at the first session tried to deny that the council was a fake body, "created under the pressure of the EU and the USA, and that the authorities supposedly have to flirt hypocritically with the opposition in order to achieve normalization of relations with Europe"⁵. However the information effect from the council creation was more felt more on the western front than in the country where its creation was regarded as something not serious. Suffice it to say that the author of this analysis within two weeks after the council declaration had to answer the questions of foreign media and diplomats three times more than those of the Belarusian mass

⁵ <http://www.belta.by/ru/news/politics?id=331255>

media about the prospects of the council. The head of state hastened to "besiege" the exaggerated expectations in the West from the work of the council and to protect the head of the administration from transforming an advisory body into his own PR project, having said that the council is "not the parliamentary tribune for shouting and pushing through dirty ideas"⁶.

The format of the work of the council was defined as amorphous. In fact the agenda and necessity to convene the council are assigned by the head of the administration in spite of the fact that the members can represent their opinions and even proposals about cooptation of new members. The council sessions were constantly put off sometimes for reasons that reminded a "diplomatic cold" (being busy or illness of the head of the council), and in fact the decisions which were to be approved by the council, had not yet been approved by "the higher authority". So within a year only one substantial session of the council was held concerning the proposals how to help the Belarusian economy out of the crisis. This session was used by the united democratic forces as an attempt to present through Stanislau Bahdankevich their anti-crisis platform, but the platform received a "picket fence" both from representatives of the state, and some friends from the civil community because of its extreme ideologization and unrealism. The second session on the reform of the electoral legislation was postponed for various reasons and it was not to happen until the declaration of suspension of the council activity in connection with its criticism by mass media in November 2009. Negotiations with the state structures on liberalization of the election legislation "missed the mark" at the council, which once again underlined their real influence and status (it is possible to say that the initial propaganda effect from its convocation was reached and then the authorities predictably lost interest to it).

For the council members such invitation created a certain kind of receiving of the political capital which is impossible to get by other means under conditions of a noncompetitive political system. In oppositional circles the creation of the council was interpreted at once as a step for creation in Belarus of "controllable democracy" per Russian sample, and the "oppositional" members of the council were enlisted at once in "assistants to the tsar on revolution". The

⁶ <http://admin.charter97.org/be/news/2009/2/10/14932/>

civil community part saw in the members of the council as competitors for "a place under the sun" in a planned forum of the civil community in the framework of the Eastern Partnership and initiated a number of actions discrediting the members of the council and underlining their dependent, puppet status. (Thus the answers to the invitations of some council members also testified to that fact that they, first of all, consider themselves "state people"). It is interesting that on the collective site of the council members there has been no updating since May 2009, and that comments on the site are forbidden⁷. Excitement of representatives of the civil community appeared to be vain in general. At the same time, a part of the council members tried to use the council as a platform for voicing of reformatory ideas, in particular the reform of the electoral legislation, having carried out the corresponding consultations with the representatives of the civil community and the independent factories of thoughts. Regeneration of the council activity in 2010 if it happens would indicate that the Belarusian authorities still need fake democratic veneer.

⁷ <http://oksovet.blog.tut.by/about>

REPRESENTATIVE POWER BRANCH

Zmicier Kuhlei

Summary

In 2009 the activities of the Belarusian parliament and local representative bodies were carried out during the rise of the economic crisis, further development of Belarus-EU relations and pursuit to preserve Russian oil preferences through signing at the end of 2009 a package of documents to establish the Customs Union among the Republic of Belarus, Russian Federation and Kazakhstan.

It should be noted that the elections of 2008 did not provide the House of Representatives with real politicians who are independent and with personal ambitions. Most MPs of the 4th composition merely represent the presidential power “vertical”; moreover, they are either at retirement or preretirement age. These representatives of the executive branch – functionaries of all levels – are good managers and doers: without intense debate they passed all the bills elaborated by the National Legislation and Legal Studies Centre with the Administration of the President of the Republic of Belarus.

Neither the House of Representatives nor the Council of the Republic of the National Assembly are independent in the country's political process as they exercise no influence on internal political issues but perform formal legislative and representative functions.

Nevertheless, being passive and inert in domestic policy issues the Belarusian parliament played a more significant role in foreign policy where it promoted and protected the interests of the Belarusian ruling elite on the international scene and in relations with other countries or integration associations.

Tendencies:

- the Belarusian parliament showed that it is absolutely manageable and predictable, once and for all it turned into a kind of boarding house without outstanding personalities and initiatives;
- the House of Representatives of the National Assembly did not use even the most favourable geopolitical situation to make a breakthrough to the West and gain representation in European parliamentary bodies because that would have signified that Europe recognizes its legitimacy and the legitimacy of the parliamentary elections in 2008;
- the Belarusian parliament was made a tool to procrastinate decision-making on most urgent international issues.

Parliament's legislative activity review

The 2009 autumn session of the House of Representatives of the National Assembly was most memorable for the amendments to

the Election Code of the Republic of Belarus, the ratified package of agreements on the Customs Union and a number of other significant issues.

On November 4, 2009 the House of Representatives ratified the package of agreements on the Customs Union of Belarus, Kazakhstan and Russia. The package includes 13 bills on ratification of international agreements that constitute the regulatory framework for the Customs Union. The biggest wish of Belarusian authorities is to prolong the period of being Russia's "oil" off shore business, which accounts for the haste with which the House of Representatives ratified the documents.

For many years the Russian Federation has supplied Belarus with crude oil for processing without any export duty, which was very profitable for the Belarusian side. In 2009 it became clear that the Russian Federation would limit this benefit only to crude supplies for domestic consumption in Belarus. End of 2009 the Belarusian side attempted solving this problem by joining the Customs Union of Belarus, Russia and Kazakhstan. Ratification of the Union revealed the absolute inability of the House of Representatives to fulfil one of its main functions, i. e. to represent the interests of various social groups.

Firstly, the Customs Union of the three post-Soviet countries significantly hinders Belarusian prospects for European integration, including the long-term prospects to create a free trade zone with the EU countries. But, according to IISEPS research in June 2009, 41.4 % of citizens supported the idea of Belarus joining the EU, while 38.8 % supported integration with the Russian Federation. *Secondly*, the Customs Union disadvantaged Belarusian car owners who will have to bear extra costs while supporting Russian car manufacturers. The decision to raise the duty on imported cars evoked a number of civil initiatives against the Customs Union or its consequences. Non-parliamentary opposition represented by BNF made an attempt be in the forefront of this process and initiate a referendum on imported cars duty rise and protect Belarusian car owners.

End of 2009 Belarusian MPs contributed to the Belarusian "house of horrors": the House of Representatives passed both reads of the bill on mandatory fingerprinting of all males liable for conscription aged 18 to 55. The universal fingerprinting was launched by the Interior Minister Vladimir Naumov after the

explosion during the Independence Day celebrations on July 3, 2008. Naumov himself addressed the Security Council and the Council of Ministers to make an amendment to the law on state fingerprint registration that would enable mandatory fingerprinting for all males liable for conscription.

When he resigned the new minister Anatoli Kuleshov got on with it and persuaded the MPs, who actually had no objections to this new infringement on the rights of their voters. Despite absence of any legal mechanisms at the moment of amendments enforcement 1.4 million persons, or 61% of those liable to conscription, had their fingerprints taken. Only 22 thousand people declined the proposal to voluntarily go under observation of the law enforcement bodies.

It should be mentioned that the law enforcers quickly grasped how useful this procedure, launched as part of the July 4, 2008 explosion investigation, is for their institution. This fingerprinting allowed the police to find 3 thousand matches with fingerprints from other crime scenes, among them: 1 thousand thefts and 50 serious crimes. Now there is an additional legal provision stipulating a mechanism to control every citizen liable to conscription, which also fulfils a preventive function for those citizens who underwent fingerprinting. It should be noted that up-to-date information and communication technologies are excellent tools for the government to control society, but regulations on the Internet and cellular communication, traditionally perceived as political issues, were reserved for the presidential ordinance.

In 2009 the House of Representatives on the tip from the Ministry of Defence adopted additional amendments to the law on servicemen stipulating prohibition of any party membership and activity. This law simply enforced the army's extra function to cancel out youth opposition activists, most active of which have been drafted starting 2008, especially on the eve of significant political events.

It is worth mentioning that MPs introduced extra restrictions in relation to themselves when on December 9 they adopted the second read of the bill to amend the law "On the status of the deputy to the House of Representatives and the member of the Council of the Republic of the National Assembly of the Republic of Belarus" stipulating that deputies and senators must not accept gifts, souvenirs; they must not be members of the board in

commercial organizations, or have their own business; they and their close relations are obliged to declare their income and personal property.

On November 4 the House of Representatives adopted the bill that strengthened positions of certain law enforcement bodies and power-holding clans that control them. The bill stipulated the right for investigation and search operations and launch of criminal proceedings against some categories of citizens: those on the presidential civil service register, deputies of the House of Representatives and local councils, Council of the Republic members. Power-holding clans and security officials lobbied this bill. It is obvious because already in early 2010 the senior investigator of important cases of the Attorney General's Office Svyatlana Baikova who specialized in investigating cases of organized crime and corruption in public authority bodies was arrested. It is revealing that Baikova's arrest is connected with her last case. The accused were the former director general of the Financial Investigations Department, a retired KGB general, other officials of high rank and a few dozen customs officials.

On December 11, just before another round of elections, the MPs adopted amendments to the election legislation of the Republic of Belarus. After parliamentary elections in 2008 the OSCE ODIHR provided several recommendations on how to improve the electoral legislation to meet European standards. The MPs were working on changes to the electoral legislation end of 2009 very hastily as the parliament was to approve the amendments before the local council election campaign for 2010.

The initial intention was to vest observers with much broader powers and key the latter to the Convention on standards of free and equitable elections in the CIS countries. But the amendment concerning the observers' right to supervise ballot counting was rejected by the specialists from the National Legislation and Legal Studies Centre with the Administration of the President of the Republic of Belarus as "biased".

The House of Representatives did not take much time to consider the bill and it passed both reads with no objections or suggestion from MPs. Actually, the previous version of the electoral law helped them along to the House of Representatives.

At the same time the electoral legislation suffered significant changes. Not less than 1/3 of election commissions, except the Central Election Commission, should consist of party and public association members; nomination and registration of candidates has been simplified; candidates have been allowed to establish individual election funds of candidates to the House of Representatives and for the presidency. The minimum voter turnout for local council elections has also been abolished. The process of early voting will be more controlled. There are more possibilities to file an appeal against forming of election commissions or election results. But the most important stage of elections, the ballot counting, was not revised, which further secures elegant victories for the ruling elite during elections at all levels: presidential, parliamentary, and local.

International cooperation activities

Although the OSCE ODIHR called the elections 2008 undemocratic, the thaw in relations with the European Union made Belarusian MPs strongly believe in the breakthrough with the West and expect to receive not later than in summer 2009 a special guest status in PACE, on which Belarusian and European authorities seem to have agreed before. During the summer session PACE deputies voted for reinstatement of the special guest status to involve Belarusians into political dialogue, on conditions of abolition of the death penalty.

Belarusian authorities considered the steps given below to have met commitments to democratization of the political process in exchange for reinstatement of PACE status. Among them is release of several political prisoners and registration of the For Freedom movement. Also, three independent printed media were included in the state newspapers distribution network; and NGO members were included into the established advisory council. But opposition representatives and independent experts admit that these steps are insignificant and unsystematic. The abolition of the death penalty is by no means a critical issue for Belarusian authorities, but they would like to "sell" it to the West at a higher price.

Mid-2009 the European Parliament composition that supported Euronest cooperation exclusively with the opposition, changed

and new MEPs mitigated their approach to Belarus and offered that the officials be represented in the interparliamentary body of the Eastern Partnership initiative. But Belarusian MPs and the Ministry of Foreign Affairs did not persuade the European authorities to give all seats to the official representatives while the latter proposed 5 + 5 formula: five MPs and five opposition and NGO representatives. The final decision on Belarusian representation in Euronest is to be made in 2010.

Despite serious pressure from the Russian Federation regarding recognition of Abkhazia and South Ossetia, Belarusian authorities tried to keep the balance between eastern and western vectors of foreign policy. Already back in 2008 the National Assembly agenda included the issue of the Caucasian republics. Nevertheless, even during 2009 it continued to be too overwhelming for Belarusian MPs to decide on. On November 17 – 20, a Belarusian delegation of 8 House of Representatives MPs and 4 Council of the Republic senators paid an official visit to Georgia, Abkhazia and South Ossetia. Its purpose was to study the social, political and economic situation and norms of life in the region, so that the Belarusian parliament could carry on debates on recognition of Abkhazia and South Ossetia. But this “further debate” dragged on for so long that it was postponed to the spring session 2010.

In 2009 Belarusian authorities were using the National Assembly more actively to promote their foreign political efforts both in the East and in the West. Absolute predictability and manageability of the MPs elected in 2008 allowed either for unrestrained and swift adoption or efficient procrastination of international issues.

Despite the pressure from the Russian Federation regarding recognition of Abkhazia and South Ossetia during 2009, Belarusian officials preferred not to worsen relations with western countries and applied the new mechanism to delay decision making on problematic international issues. At the same time Belarusian authorities employed Belarus' advantageous geopolitical situation and joining the “Eastern Partnership” initiative. They intensified pressure on western partners by trying to involve the parliament a part of the “representative” branch, which in old European democracies, in contrast to that in Belarus, have more weight and power in political processes.

Local councils' activities

The representative branch at the local level is as rudimentary as it used to be in the Soviet times. It is still a kind of a department of the executive branch and its real function is to approve decisions of local administrations. It should be noted that local councils mostly consists of directors, functionaries and intelligentsia who regard their activities in the local councils as an extra social work load.

In 2009 local council deputies were obliged to carry out explanatory/propaganda work to lessen negative reaction to reduction of social benefits. Local councils and deputies are still regarded a helping hand for executive bodies to implement state policy and different programs at the local level, first of all in ideological education of the population.

The crisis year 2009 faced significant reduction of local budgets regarding expenses (profits as well), including social financing, especially health care and education. It should be noted that in 2009 the local budgets deficit totalled BYR 1.4 trillion (USD 470 million), while the republican budget showed a 1.4 trillion surplus, whereas local councils' profits and expenses made up to 25 and 36% of the consolidated budget respectively.

One of the state policy priorities regarding local authorities is to promote self-financing. The authorities are more and more persistent in their appeal to rural councils to count on themselves in forming the budget and not to wait for help from above. At the same time, local councils were assigned the right to raise/cut (but only twice as much) the land tax and the property tax for certain categories of taxpayers. They were allowed to grant land tax, property tax, natural person income tax, and unified tax benefits to natural persons who are not individual entrepreneurs. Local councils could grant land tax and property tax exemption to Consumer Societies (Belkoopsoyuz) trade and public catering facilities in rural areas. But whereas before 2009 local authorities placed their expectations within budgets of higher levels, in the crisis year they started looking for partnership in projects financed by international organizations.

It should be noted that since 2009 the EU/UNPD Local Development programme has been in operation. 58 Belarusian administrative units submitted applications for this project, of

which 35 were accepted. The programme stipulates active participation of NGOs, which so far have been treated very unfavourably by Belarusian authorities both at the highest and at the local levels. But objective circumstances compel officials to involve NGOs in order to receive help from abroad, including financial help. Frontier administrative units have possibilities for and show interest in projects within EU-financed programmes.

But self-government bodies practically have no say in this process; everything is under executive bodies' control. Despite the fact that amendments to the law on local governing and self-governing bodies were adopted in late 2009, changes in local authorities are no to be expected: local representative bodies' powers were not extended, the amendments just established local practice. The bill specifies and delimits powers of local councils and executive bodies of different territorial levels; it also defines the legal status and establishment procedure of territorial self-government bodies.

GOVERNMENT: A CRISIS TEST

Vadim Sehovitch

Summary

In 2009 the Government made every effort to solve current problems, arresting economic liberalization plans. Economic growth was the major objective of the first six months of 2009, the next task reducing manufacturers' stockpiles. Prime Minister Sergey Sidorsky's policy in 2009 led to reduced stability of the banking system and an unreasonably optimistic forecast for 2010. However, the government and the National Bank secured relative financial market stability. Foreign borrowing became the alternative to serious reductions of export returns of several gross output manufacturers.

Tendencies

- “wait-and-see” attitude and compliance with the former economic GDP growth oriented policy were adopted as the foundation of anti-crisis policy which added new problems to the country's economy;
- the government's current problem solving efforts led to reshaping of liberalization plans and in some spheres resulted in backsliding into etatism;
- foreign borrowing became the major instrument of economic sustainability. The IMF principal role as a consultant strengthened so much that the Fund received the unofficial status of another Belarusian Ministry.

Helpless Manager, Best Trainee

The financial crisis stimulated thinking about the necessity of radical global economic reform. At the national level governments of globally leading economies have taken costly measures to structurally reshape economic systems and relations.

In theory, for the Belarusian government the crisis could have become a good starting point for renewing economic policy, which has hardly ever changed since the end of the 1990s and which is characterized by high imports, high energy and materials consumption, low level of long-term savings, technologically lagging behind, excessive stimulation of domestic demand by emission of loans. The supremacy of state monopolies in nearly all sectors of the economy prevents competition.

Although the government planned economic reforms (different types of liberalization scenarios were devised since the end of

2008), major efforts in 2009 were concentrated on short term problem solving. Almost till mid-2009 growth rate sustainability and implementation of planned activities were the highest priorities of the government; agricultural output rate temporarily met expectations and plans, only to undergo downward revision at the end of August. Due to the unexpected reduction of total agricultural output Belarusian GDP dropped below the 100% level for the first time in eight months (January — August) as compared to the same period last year.

Not earlier than mid-2009, economic growth aspirations were sacrificed to economic pragmatism: the government made an attempt to align economic growth plans to real exports capacity and foreign currency returns as the only ways of economic sustainability and growth, ensuring that gold and foreign currency reserves and external debt remain within the state economic security limits.

The policy of Prime Minister Sergey Sidorsky's Cabinet in the first six months of 2009 resulted in overstocking of warehouses with domestic produce, freezing of manufacturers' working capital, as well as stricter bank regulations concerning companies, which was threatening the stability of the banking sector. It would be wrong to say that the government took no action to stimulate sales on the domestic and foreign markets, to reduce the foreign trade deficit, hidden unemployment and other detrimental processes. But the measures taken were primitive and generally inefficient. 'Anti-crisis activities' like these did no good and resulted in the notorious and immediately annulled resolution of the Council of Ministers № 991 as of July 28 "On certain aspects of goods purchasing on the territory of the Republic of Belarus."

The government's weakness strengthened the position of the IMF in the country. Beginning with the December 2008 Memorandum, its consultations with the National Bank of Belarus acquired a bigger impact on long-term economic planning of the country. The influence of the IMF became so strong that in economic circles it received an unofficial status of another Belarusian Ministry. Its influence was even more strengthened by rational division of the credit line into several tranches, which made Belarusian authorities seriously consider the recommendations of the international organization.

After 2009 Belarus can claim to be "the IMF's favorite trainee" since the country efficiently performed tasks of any level of complexity, which not infrequently were contrary to its political and social interests. It concerns the devaluation of the national currency, freezing wages, increase of housing and communal services, cuts in state programs (including the cherished presidential rural areas development program), and finally privatization through an agency specifically created for this purpose. "The favorite trainee" status allows Belarus to believe that if in 2010 the country needs new IMF loans, it is more than likely that the collaboration will be continued.

On the other hand, the IMF is ready to revise its position and in some points meet the interests of Belarus. For example, this tendency became apparent in the drafting of a privatization units list. Earlier the IMF insisted on the privatization of gross output and leading manufacturers, whereas now it agrees with privatization of several small enterprises which play hardly any role in the economy.

Growth Slowdown

As an alternative to working out an anti-crisis strategy, which most countries did, the Belarusian government chose the simplest way, i.e. to minimize all efforts on working out and implementing such a plan and to wait until similar projects are implemented in neighboring countries. The emphasis was primarily on fast recovery from the crisis occurring in Russia and the European Union, which are the major markets of Belarusian goods. The recovery of these markets was supposed to automatically restore demand for Belarusian goods. As a result of all-round support for economic growth (which was the basis of economic policy of Belarus in early 2009 due to the confidence in fast recovery of neighboring markets), Belarus turned out to be one of very few countries with GDP growth at that period.

However, alongside with recession and protectionist actions on the key markets this tendency led to a disastrous overstocking of leading exporters' warehouses. Many major Belarusian industries (machine building, agricultural machine building, milk-processing industry) were seriously hit and still incur financial losses because of restrictions imposed by Russia. As of

May 1, 2009 over 15 per cent of Belarusian manufacturers' working capital was stuck in stockpiles. According to estimates of non-governmental economists as well as experts from the Presidential Administration, by the end of August 2.3% of GDP consisted of stockpiles.

Machine building and light industry were most seriously hit. As of August 1, the ratio of stockpiles to average monthly household clocks output was 35.3 times, linen fabrics output 9.8, wool fabrics 5.7, bearings 4.6, metal-cutting lathes 4.5, cargo trucks 3.8, TV sets 3.8 times.

Not until the stockpiles reached a critical level with no demand from foreign trade partners whatsoever, the government said that the benchmark of production efficiency of manufacturers is not output growth, but the rate of stockpiles unloading. This strategy, however, offered no positive results. Moreover, the 2010 forecast for the Belarusian economy features too optimistic economic growth, experts say.

Belief that these problems will evaporate after the formation of the common Customs Union of Belarus, Russia and Kazakhstan, the creation of which can be viewed as a reaction to the crisis, have no serious economic foundation. The formation of a new system of economic relations is not an easy job to do and it can take years, which is complicated by the fact that the partners start with a huge pile of disputes and issues to solve.

Staff Problems and Lack of Unity

The uncommon economic situation has revealed that the government lacks adequate staff. Staff working for the government not only failed to suggest effective anti-crisis measures, but failed to suggest any measures at all, aside from the habitual economic growth sustainability actions. The gap was filled, firstly, by IMF experts, of which almost all suggestions were adopted without reservations. Secondly, in 2009 the government itself underwent a radical staff reshuffle. During this period heads of 11 out of 23 Belarusian ministries were replaced, notably in the Ministries of Economics, Industry and Trade.

Besides the staff problems of the current government, the crisis revealed the lack of agreement among its members. This especially holds true with respect to disagreements about a whole

range of issues (for example, housing construction plans) among Panel Members: on one side Sergey Sidorsky, the Council of Ministers and Economic Departments, on the other Petr Prokopovich and the National Bank, who work in close liaison with the IMF.

Due to its actions at the beginning of 2009 the government was not only criticized by opposition parties and groups, but by the Presidential Administration as well. With this criticism unfolding, the Administration managed to secure success in several key issues, like for example, the VAT rate increase. Initially the plan was to increase the VAT from 18 to 22 per cent beginning in 2010 to compensate for a decrease in receipts due to reduction and cancellation of a number of taxes. The Administration strongly objected to this decision, arguing that it would result in an avalanche of company bankruptcies and negative social implications, which is beneficial to the IMF alone, since it is planning mass privatization in Belarus. The dispute was settled in a compromise of 20 per cent VAT rate.

Set Aside Privatization

Recession on the major foreign markets, worsening of terms and conditions for oil refining and petrochemical products export, as well as other problems leave no doubts about the need for further loans. Obviously the government cannot (even if it wants to) take the risk of radical cuts in expenditures.

Partially and to the maximum possible extent, housing construction expenditures and funding of construction materials manufacturing and light industry development programs, as well as funding of the rural areas development program were cut last year. In compliance with the IMF recommendations the government restricted the growth of wages in the public sector, state-owned and most state-controlled companies. The decision was taken to finance the construction of the planned atomic energy station by foreign capital alone.

According to estimates of several economists working for the government, for economic security reasons the 2010 foreign borrowing limit should not exceed \$ 1 billion. Their calculations show that with the stand-by loan (\$ 3.5 billion) and the World Bank's free loans for development purposes (\$ 200 million), the

external debt of the country by the end of 2010 will total \$ 8.7 billion, with annual debt service about \$ 600 million. Provided that this year foreign borrowing stays within the \$ 1 billion limit, the key indicator of economic security of a country, the external debt to GDP ratio, will be 17% in Belarus, with the normal quota being 20%. This is the maximum figure, after which reduction of the ratio sets in. By 2012 when the markets are expected to be back on track, Belarus will increase loan repayments to \$ 1.3 billion a year, with external debt-GDP ratio coming down to 13.2%.

In a situation like this privatization can become a major source of additional capital. Last year turned out to be one of the most uneventful of the last 5 years in this respect, the selling of JSC "BPS-Bank" to Russian Sberbank for \$ 280 million being the only big transaction. However, state-owned property going public (at present, for example, "Belaruskali" is in the process), the involvement of the IMF and a group of investment banks (Rotschild, "Renaissance Capital") in privatization, the toughening of Russia's requirements concerning oil refining, all these combined promise turbulent times in the Republic of Belarus.

Conclusion

The government's underestimation of the depth of the crisis and belated reaction to negative changes in the economy added another problem. Focus on the pre-crisis GDP and industrial output forecasts resulted in stockpiling of warehouses and freezing of resources. Lack of clear insight about the tendencies in the development of the global and national economy in 2010 led to approval of very optimistic forecasts and plans. The adjustment of the 2010 forecast to the obligatory fulfillment of the five-year country's development plan (2006–2010) looks rudimentary in the light of global changes.

The government should take more action directed at financial market sustainability in this difficult period. Foreign borrowing was viewed as an alternative to the drastic decline of export returns from several leading manufacturers. Maneuvering between Russia and the IMF, the government managed to secure diversification of financial sources, more or less acceptable terms and conditions

for loans, and low cost of attracted investment. Given all the difficulties, it was possible not only to attract, but also to stimulate Russian oil suppliers to start refining in Belarus in the last year of the preferential terms regime with Russia.

This article made use of information from the Belarusian National Statistics Committee, various information agencies, and the newspaper "Ezhednevnik".

JUDICIAL POWER: RELATIVE AUTONOMY AND ACCENT ON "FREEDOM"

Andrei Kazakevich

Summary

In 2009 the judicial system developed along lines established earlier and within legal limits like the expanded meeting of court judges of Belarus¹, the Concept of improvement of the legislation², the decisions of the congress of judges, etc. Last year no changes were visible in the sphere of political and social control. After a reorganization in 2008, the primary activity of the Constitutional court consisted of performance of auxiliary functions in the legislative process. Functioning of the judicial power was linked to the rest of judicial activity including the overwhelming majority of criminal, civil and administrative cases. In 2009 there were no essential structural and personnel changes, the basic changes are noted only in judiciary practice. Continuing trends were the reduction of penitentiary punishment and the growth of judicial autonomy concerning law enforcement bodies in cases which were not subject to political and social control. The steady growth of references to the courts for civil litigation testifies to the growing trust in courts.

Tendencies:

- subordination of court reform to preserving direct dependence of the judicial system on executive powers prevented structural changes in the judicial system;
- steady growth of references to the court for civil litigation reflects the growth of legal culture among the population and trust in courts;
- continuing reduction of penitentiary punishment for crimes that do not represent considerable public danger.

Status and judicial independence

In modern Belarus the development of the judicial power is an attempt to increase overall performance within the framework of an authoritative political system. In practice it means that a cardinal reform of the court system is possible, but direct dependence on

¹ Speech of A. Lukashenko at the meeting of court judges of Belarus. 25.03.2008: <http://president.gov.by/press55624.html#doc>.

² Presidential decree of 10 April 2002. No 205 "On the Concept of improvement of the Legislation of the republic of Belarus".

the executive power of national and regional levels still remains. The state chief executive officers can freely influence verdicts if a certain case, for whatever reasons, has acquired political, social or economic importance to the authorities. Through the majority of other cases the judge can still keep some autonomy. Thus, in 2009 in the sphere of politically and socially motivated control no visible changes occurred, the development of the judicial system was connected with the rest of the judicial activity including the overwhelming majority of criminal, civil and administrative cases.

What is the degree of independence of the judicial system as a branch of power in Belarus? Judicial reform is guided by two things: how well the "requirements" and "commissions" of President Lukashenko are performed as well as the items of directive No 2. The will of the president, as a rule, is emphasized more than references to international standards, constitutional principles etc³. In publications judicial system officials also often refer to presidential speeches.

System of the general courts

Structural changes. Despite the fact that in recent years legislative conditions for specialized courts were created and the necessity for such courts repeatedly reaffirmed in documents (see for example, *Concept*, 2002: item 53) and in speeches of officials⁴, this process is now practically frozen. Specialized boards as an intermediate stage to creation of courts were not created either.

The same situation applies to appeals that are made for investigation of civil and criminal cases. The necessity to be able to make appeals is reflected in various documents and confirmed in publications of officials (in particular, the chairperson of the Supreme Court and also the Minister of Justice⁵), but these rational expectations have not been realized.

³ *The goals set by the Head of State for the courts of common jurisdiction to get their practical realization* (materials of the joined expanded meeting of the Presidium of the Supreme Court and the board of the Ministry of Justice. 17 February 2009) // Judicial Herald. 2009. № 1. pp. 3–11.

⁴ Sukalo V. Access to Justice: *some aspects of practical realization* // Judicial Herald. 2009. № 2. pp. 3–5.

⁵ Summing up the results of work of ordinary courts of 2009 // Justice of Belarus. 2010. № 2. pp. 3–17.

The major factors connected with the absence of structural reform are: insufficient organizational and legal preparation, the necessity of additional financial expenses and resistance of a part of the judicial community. The absence of progress in structural reform of the general courts negatively affects the overall performance of the judicial system, which (for example, as to appeals) is admitted by the heads of the judicial power and the Ministry of Justice.

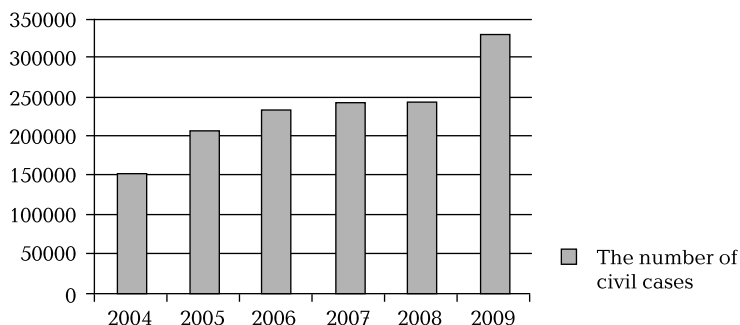
Personnel changes. In 2009 no considerable changes occurred in the governing body of the general courts; the majority of the heads kept their posts. Personnel changes concerned only the head of the system of military courts: the chairman of military board of the army Evgeny Tsarenko retired, and his post was occupied by Alexander Konyuk who used to be chairman of the Belarusian military court. The post of chairman of the Belarusian military court was given to Andrey Chizhov. Besides, the chairman of Vitebsk regional court Tadeush Voronovich (since 1995) became the judge of the Constitutional court and his former post was taken by Nikolay Hamichenok.

The basic tendencies in dispensing justice. Among the basic tendencies which defined the functioning of the judicial power in Belarus in 2009 were the growth of civil and administrative proceedings; change of the policy of criminal punishment; preservation of the tendency to strengthen the autonomy of courts from other law enforcement bodies (prosecutor's office, the Ministry of Internal Affairs).

The growth of references to courts. For Belarus the steady growth of the number of civil cases which are investigated by the general courts is remarkable. In 2009 the number of civil cases grew by 26%, having reached about 330 thousand. The growth of civil references was a certain call as it creates considerable pressure upon the judicial system and judicial community, especially in a situation where an increase in regular number of judges is impossible (see Figure 1). The way out of this situation lies in improvement of the investigation procedure and pre-judicial preparation of cases⁶.

⁶ Filipchik R. Single questions of *procedural economy in civil trials* // Judicial Herald. 2009. № 4; Voronovich T parsimony of justice is a task of importance // Judicial Herald. 2009. № 2; On preparation of civil cases for court

Figure 1. The number of civil cases investigated by the general courts (2004–2009)



Source: "Yustycyja Belarusi" (Justice of Belarus) (2005–2010)

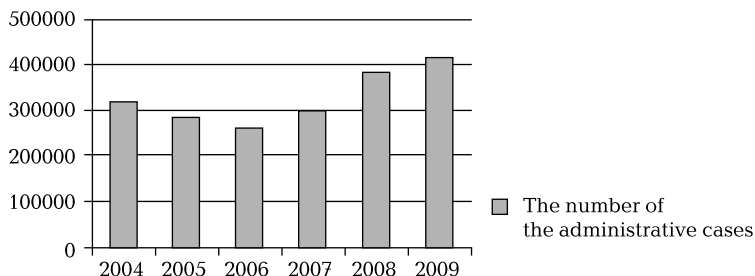
In 2009 the number of administrative cases which were investigated by the courts also increased. In comparison with 2008 the growth was not so considerable, about 9%, and the total amount of cases reached 420 thousand, which increased the workload for the judicial system even more (see Figure 2). The growth of administrative cases in the courts, recorded since 2007, is basically connected with the new Code on administrative offences coming into force, which considerably expanded the competence of courts for investigating cases of administrative offences. The changes in administrative legislation coming into force in 2010 are thought to considerably lower the number of investigations in this category at the expense of transferring (returning) a considerable part of administrative cases to non-judicial bodies.

The growth of references to the court for civil litigations can be considered as a positive development reflecting the tendency to decrease the role of informal connections in solving legal conflicts and a growing legal culture. It also seems to testify to the reliability of the judicial power as a mechanism of settling legal disputes. But for the courts such a tendency would demand

proceedings (materials of plenary session of the Supreme Court of Belarus of 25 June 2009): <http://www.supcourt.by/cgi-bin/index.cgi?vm=d&vr=news&vd=133&at=0>.

considerable improvement of the investigation procedure and also an increase of work efficiency.

Figure 2. The number of the administrative cases investigated by the general courts (2004–2009)



Source: "Yustycyja Belarusi" (Justice of Belarus) (2005–2010)

System of punishment. In 2009 work on changing the policy in the field of criminal punishment proceeded. For the last years, representatives of the judicial power have characterized imprisonment as an inefficient measure of punishment⁷. This question was especially topical in 2009. The position of the heads of the Supreme Court appeared to be widely presented in the state mass-media⁸, and also in feature stories in departmental editions. The corresponding position on this question is fixed in the decision of plenum of the Supreme Court in March, 2009⁹. According to the results of courts work in 2008, imprisonment ceased to be prevailing among other sanctions, and this tendency became more pronounced in 2009¹⁰.

Among the reasons of changes the following is mentioned: inefficiency of imprisonment as a form of punishment; integration

⁷ Gureev S. Imprisonment: general overview // Judicial Herald. 2009. № 2. pp. 30–32.

⁸ Court and Case (interview with V. Sukalo) // Belarus today. Soviet Belorussia, 25.03.2009; Execute not pardon (interview with V. Kalikovich, deputy chief of the Supreme Court of Belarus) // Respublika. 2009, 25 March; Rakitski V. Severe doesn't mean effective // Zvezda. 2009, 24 March.

⁹ Decree No.1 of Plenum of the Supreme Court of Belarus of 25 March 2009 "On imposition of sentences by the courts as deprivation of liberty".

¹⁰ Judge is always under a microscope (an interview with V. Sukalo) // Belarus today. Soviet Belorussia. 2010. 28 January.

of a considerable number of people into the criminal environment; infringement of social ties; orientation towards international experience; and financial costs for the state. The necessity of further reduction of application of imprisonment is declared as well as restriction of freedom ("forced labor") for socially harmless crimes at the expense of increase of alternative sanctions, also the development of a procedure for pre-judicial termination of criminal cases is provided.

As a whole, the mentioned tendencies are positive and correspond to European practice. But fully implementing a reform of the judicial system will demand considerable efforts in order to overcome conservative views and modes of work of a considerable part of judges and officers of law enforcement bodies.

Autonomy of courts in relation to law enforcement bodies. In 2009 the tendency to increase autonomy of courts from the work of law enforcement bodies (the Ministry of Internal Affairs, Office of Public Prosecutor) remained. The judges are less than before guided in their decisions by the conclusions and opinions of investigation agency bodies and the public prosecution. In 2009, there were 187 verdicts of "not guilty", which is a little bit less than in 2008, which saw 191 "not guilty" verdicts.

The Constitutional Court

In 2009 the activity of the Constitutional Court was defined by the logic set by personnel and functional transformations of 2008¹¹. After reorganization of the Constitutional Court in 1997 on the basis of a new edition of the Constitution, there appeared a vital problem of functional maintenance of constitutional justice.

Since 1999 the function of pronouncement of the obligatory reasons for execution gradually lost its value due to reduced interest in the Constitutional Court by bodies authorized to initiate inquiries. Such references became sporadic and since 2008 stopped altogether. In other words the basic function which was laid in the 1996 edition of the Constitution was lost. For maintaining its own functionality the court switched to rendering recommendatory judgments which it passes under its own initiative and on the basis

¹¹ Kazakevich, A. Belarusian Judicial System // Belarusian Yearbook 2008. Minsk, 2009, pp. 35 – 44.

of references of citizens. Such activity becomes commonplace after 1999 – 2000 (see Table 1).

Table 1. The basic indicators of activity of the Constitutional Court of Belarus (1997–2009)

| | Number of decisions, obligatory for execution | Number of advisory decisions | Number of statutory acts investigated in the framework of preliminary control |
|------|---|------------------------------|---|
| 1997 | 4 | 0 | — |
| 1998 | 11 | 0 | — |
| 1999 | 7 | 9 | — |
| 2000 | 3 | 9 | — |
| 2001 | 2 | 26 | — |
| 2002 | 2 | 15 | — |
| 2003 | 1 | 12 | — |
| 2004 | 4 | 18 | — |
| 2005 | 1 | 38 | — |
| 2006 | 2 | 29 | — |
| 2007 | 1 | 22 | — |
| 2008 | 0 | 5 | 102 |
| 2009 | 0 | 9 | 104 |

Note. When drawing up the table, only the published verdicts were included. From decisions only those that were delivered as the results of investigation of statutory acts were considered, other decisions (for example, messages and changes in regulations of the Constitutional Court) were not considered. Figures on consideration of statutory acts within the frameworks of the preliminary control are given according to the communiqué “On the state of the constitutional legality in the republic of Belarus” for 2008 and 2009¹².

In 2008 an attempt was made to reform the Constitutional Court at the expense of transfer of additional functions that was unforeseen in the constitution. First of all, it was a question of the obligatory preliminary control of the bills, the order of which is fixed in a special decree of the president¹³. After reorganization of

¹² Decision No P-430/2010 of the Constitutional court of Belarus of 26 January 2010 “On the state of the constitutional legality in Belarus in 2009”; Decision No. P-313/2009 of the Constitutional Court of Belarus of 4 February 2009 “On the state of the constitutional legality in Belarus in 2008”.

¹³ Presidential decree No 14 of 26 June 2008 “On some measures for improvement of the activity of the Constitutional Court of Belarus”.

2008 the primary activity of the Constitutional Court consists in performance of auxiliary functions in the legislative process.

In 2009 considerable efforts of the heads of the Constitutional Court were directed at justifying reorganization. For this purpose various mechanisms of improving procedures of obligatory preliminary control were offered and adopted; also, suggestions on development of indirect access of citizens to constitutional justice were put forward¹⁴.

The basic problem of the Constitutional Court in the current political system is its non-functionality which can only be overcome through modifying the constitution, which is improbable in the near future. Besides, the transformation of the Constitutional Court into a body of preliminary control of bills can have negative consequences. Concerning the indicators of 2008 – 2009 the court has investigated more than 100 statutory acts, including codes and other bulk documents; 5 days are given for the investigation of each act. Even if to consider that with the optimization of procedure of pre-judicial preparation of cases to investigation, this term can take 2 – 3 months¹⁵, and all-round and detailed investigation can become a significant problem.

The situation that has evolved comprises one more potential danger. The obligatory investigation of statutory acts can generate a big file of legislation which does not *de facto* fall under constitutional control. It is improbable that in future the Constitutional Court will start to accept and to recognize as unconstitutional those norms which were already investigated within the framework of preliminary control, though such control (taking into account the work volumes) cannot have a sufficient depth.

The developed practice of preventive control also contradicts the logic of constitutional justice organization of other countries where attention is focused on problems delineated by the authorized subjects instead of control of a great mass of statutory acts. Efficiency of the preliminary control procedure can be called

¹⁴ Miklashevich, P. Problems of citizens' access to constitutional justice. Herald of the constitutional Court of the republic of Belarus № 3, 2009, pp. 61 – 73.

¹⁵ Miklashevich P. Improvement of legal procedure of mandatory precheck of constitutionality of laws // Herald of the Constitutional Court of the republic of Belarus, № 4, 2009 pp. 164 – 172.

into question by the fact that even after looking through 206 acts for two years, the court never recognized its contradiction to the Constitution and, thus, has in no way promoted the correction of a possible error.

Economic courts

In 2009 the development of economic courts were guided by the general growth in the number of cases flooding the courts. The growth of references (together with the quality of legal investigation) represents a problem for work of the courts and in many respects defines the primary goals and calls for the system (see Table 2).

Table 2. Legal investigation by the economic courts of Belarus (2004–2009)

| Year | Number of investigated case, thousand |
|-------------|--|
| 2009 | 101 |
| 2008 | 65 |
| 2007 | 60 |
| 2006 | 46 |
| 2005 | 41 |
| 2004 | 37 |

Source: Herald of the Supreme Economic Court of the republic of Belarus¹⁶

To prevent negative consequences it is suggested to stimulate extrajudicial settlement; to warn the judicial disputes about separate categories of cases; to propagandize and introduce intermediary procedures; to expand mandatory proceedings. In 2009 special attention was given to intermediation. Within the framework of the corresponding campaigns the judges participated in various seminars and meetings and sessions of executive powers as well.

¹⁶ Main results of the economic courts of Belarus for 2008 // Herald of the Supreme Economic Court of the republic of Belarus. 2009. № 4. pp. 28–37.

LAW ENFORCEMENT AGENCIES: NEW PERSONNEL POLICY

Sergej Satsuk

Summary

When in 2009 Vladimir Naumov, the last independent law enforcement figure, resigned and the president cancelled supervision of security officials by outside functionaries, the framework of how law enforcement agencies function was redefined. On the one hand, these steps provided security officials with relative independence in their work but, on the other hand, they deprived them of the possibility to engage in business. These factors were positive and helpful for fighting corruption and had an effect on the process of economic liberalization in the country, which would have been impossible if security officials were allowed to keep meddling in economic affairs.

But these improvements in enforcement agencies are balanced by a number of negative incidents that caused real professionals to resign from enforcement institutions. Therefore, this relative improvement in working conditions of the law-enforcement system is accompanied by serious risks that will already in 2010 become apparent.

Tendencies:

- the final removal of “strong” figures supervising enforcement institutions and mass personnel rotation put an end to interdepartmental rivalry and raised independence of law enforcers.
- the enforcement institutions received a new management system and were allotted extra powers to fight corruption, which improved clearance of corruption crimes;
- new framework conditions for functioning of law enforcement agencies, on the one hand, promoted economic liberalization, but, on the other hand, heightened the risks of system failure.

State Control Committee

For the last ten years the functioning of the Belarusian law enforcement system was determined by “strong” figures. By the latter we mean department and subdivision heads or even individual officers capable of making independent decisions. Such people, especially among enforcement institution representatives, are a potential menace for the system of power vertical that has been created, which expects subordination to the executive branch and no independent activities.

The removal of strong figures in the so-called "silowiki" group already started in 2006 when Zenon Lomat was appointed Chairman of the State Control Committee (SCC). Later on, he "destroyed" the work of the country's leading controllers by diluting the organization's tasks and functions, reducing the high profile it had.

In 2009 this work was carried on in the Financial Investigations Department (the FID) bodies. After the resignation of Sergei Baranov, Director of the FID of the SCC, the process reached its final stage. Baranov had closed ranks with the remaining professionals still working for the financial investigations bodies. After his resignation Victor Morozov began to play the lead role in the FID. He brought along his men who did not have enough experience to carry out financial investigations. Morozov's influence on the financial investigation bodies can be compared to that of Zenon Lomat and his henchman Victor Pisarik on the whole SCC.

Under former SCC Chairman Anatoli Tozik the main requirement for reaching key positions was professional expertise, under Lomat and Pisarik protectionism became a common practice. In the FID this process was restrained by Baranov. After his resignation, professional expertise of employees responsible for financial investigations stopped being of primary importance.

Lomat's appointment in 2006 was rather an accident than part of a general strategic plan, which, judging by the president's actions, started taking shape only in 2008 and turned into a definite law enforcer management scheme in 2009. The State Control Committee was taken as a practical example, whereas the president's rotation rule was the tool applied not only to chief executives but to all enforcement staff as well.

State Security Committee (KGB)

During 2009 most key positions in the central KGB staff were filled not by Cheka officers, well-trained and educated in the hard school of life, but border guards and representatives of the Interior Ministry. In addition, there was general rotation among career Cheka officers: almost all KGB staff who had been working with the organization for more than 5 years were shuffled like cards in a deck, and their tasks were radically changed.

As a result, the core of KGB activities underwent fundamental transformation. Although the organization itself retained its autonomy, the staff officers lost their independence as they were appointed to new working places and, not having enough experience, had to take orders of extraneous executives and, thus, lost the initiative. The general personnel rotation prevented knowledge transfer between generations: senior officers no longer are real professionals and cannot pass on their knowledge to subordinates. They simply give orders and instructions.

Taking orders diligently substituted the aim to achieve good results. The results of the work of an officer, a section, a department, or a committee are not important any more. Showing initiative is not punished yet, but already unwelcome. The professional level of a single officer counts less than his ability to follow orders. During 2009 it suddenly became apparent that the KGB evolved into an organization with clear military features, which in the light of the coming presidential elections creates the option of using the intelligence organization for repressive purposes.

Interior Ministry

The first six months of 2009 the Interior Ministry was watching the general reconstruction of the law enforcement group from the sidelines, although there was an attempt to replace its key staff already back in 2008 when the scandal about the police's cottages broke. But this scandal did not lead to serious changes in the personnel policy of the Interior Ministry, because its initiators discredited themselves in the president's eyes.

But Vladimir Naumov's resignation in April 2009 indicated that the Interior Ministry was also going to witness a surge of personnel reorganization. The resignation itself was preceded by a number of successful KGB operational activities against key Interior Ministry figures. At the same time, we cannot count the so-called "hunters' affair" and the plunder of the Central Department for Operational-Investigative Activity represented by its head Ivan Shilo as new surges of war between the law-enforcement groups. They are rather a result of the new personnel policy and the appointment of Anatoly Kuleshov as Minister of Internal Affairs attests to that. The essence of this new personnel policy, as said above, is to exclude strong figures, who play their own game, from

the law enforcement agencies, and to fill the staff with people who just take orders.

Currently, in order to eliminate the personnel deficit, the Interior Ministry is actively recruiting persons with no professional training besides higher education. At the same time the real professionals who had to leave the Financial Investigations Department of the State Control Committee are not employed at the Interior Ministry. Instead, the Ministry has launched active campaigns among future school leavers to talk them into entering the Interior Ministry Academy.

Attorney's Office

Practically only the Attorney's Office was saved from the reorganization of law enforcement agencies during 2009. Despite some cases in which officers from other departments were employed, the Office was left untouched by reorganization processes.

Still, the work of the Attorney's Office underwent certain changes. In early 2009 the president ordered drafting a law conferring more powers to the Interior Ministry, the KGB and the Financial Investigations Department of the State Control Committee. The reason behind this was to strengthen their independence from the scrutiny of the Attorney's Office, which was deemed too intense. The Attorney's Office had an exclusive right to sanction arrest and operational-investigative activities (OIA) involving violation of human rights concerning privacy. Therefore, it restrained the departments involved in OIA from undertaking unrestricted actions. The draft law was ready after 2 months and presented for discussion to all departments involved.

The Attorney's General Office drew up a very negative opinion letter about the draft law; Attorney General Grigory Vasilevich disagreed with it as well. Nevertheless, he provided his objections to the president in a strongly abridged form. As a result, the draft law was introduced to the House of Representatives of the National Assembly of the Republic of Belarus and adopted in the nearest time possible. The heads of the Interior Ministry, KGB and the FID of the State Control Committee received the right to sanction arrests and OIA, which entail such violation of human rights for personal privacy as, for example, wiretapping.

The role of attorney organs was reduced when early in the year the Interior Ministry, KGB and the FID of the State Control Committee got the right to investigate all corruption cases regardless of jurisdiction. The status quo was restored when on January 27, 2010 the Attorney's Office received the exclusive right to send criminal cases with repenting perpetrators to the commission for presidential pardon.

New management system

According to Interior Ministry, KGB and FID of the State Control Committee reports, in 2009 all results of their performance significantly exceeded the plan. The most impressive is performance in corruption investigations; their exposure rate increased 20% compared with 2008. But this success is relative because it is based on operational groundwork done in 2008 and greater powers that KGB, the Interior Ministry, and the FID of the State Control Committee received in early 2009. Meanwhile, if we evaluate the financial indicators of the law enforcement agencies we can see that their efficiency clearly tends to be declining.

Thus, according to data from the State Control Committee, in 2009 the Financial Investigations Department recovered damages in the amount of BYR 133.5 billion (USD 44 million) in cash and inventory holdings from offenders, and that was 3.3 % more than in 2008. In other words, taking into consideration the inflation of the Belarusian ruble, the efficiency actually dropped 26.7 %. This statement is most evident in cases under section 88 part 1 of the criminal code of the Republic of Belarus stipulating extinction of criminal liability if the compensations are made voluntarily.

And when in 2008 the FID of the State Control Committee sent more than 200 cases to the commission for presidential pardon, in 2009 there were only 140 of them. At the same time, during 12 months in 2009 the defendants who were subjected to such cases paid compensations of not more than BYR 12.5 billion (USD 4.1 million). Earlier the FID of the State Control Committee could receive such a sum from a single case. This is the result of personnel policy in law enforcement agencies, which in 2009 had the most serious consequences for the FID of the State Control

Committee, and in 2010 will have consequences for both the Interior Ministry and KGB. The main point is that taking orders diligently is more valuable in security officers than their professional qualities while personnel rotation becomes the cure-all for corruption. Setting a problem and punishing those who have not solved it is a management principle in the system of enforcement agencies.

The example of Leonid Maltsev, the new secretary of the Security Council, best shows the effects of such policy. Having no previous work experience in law enforcement agencies, during the last report to the president he said that the level of financial compensations under exposed crimes should be raised by several times in the nearest period. Despite the fact that in 2010 financial compensations are expected to fall by 5-10%.

The reason is that as of 27 January the amendments to the criminal procedure code came into effect, under which the KGB, the Interior Ministry and the FID of the State Control Committee have no power to send criminal cases to the committee for presidential pardon. This tool enabled investigators to close complicated or judicially dubious criminal cases when they convinced the person under investigation to make amends to avoid imprisonment. Now, the cases will exclusively be sent to the committee by the attorney and only after the investigation is concluded, and he or she has no stimulus to convince the defendant to provide financial compensation and does not care whether to send the case to the commission or to court.

Therefore, the rate of financial compensation at the investigation stage that now lies at 50 % will drop by several times and this will cause a drop in the general rate of compensation. To illustrate the kind of sums involved we refer the reader to the case of the director of the "Zhdanovichy" market were in October 2009 the financial compensation reached BYR 85 billion (USD 28.8 million). For comparison: all bodies of the Financial Investigations Department of the State Control Committee managed to recover only BYR 113.5 billion (USD 37.8 million) during the whole year.

Thus, despite Leonid Maltsev's ambitions, it will be impossible to reach the set target. Earlier, the heads of law enforcers also showed incompetence in their decisions but their subordinates made up for that. Now this buffer is all but destroyed.

Conclusion

The substitution of professional qualities with loyalty, the drop in work efficiency and additional powers for law enforcers are the factors that pose a threat to society. Being diligent executors of orders instead of responsible professionals, law enforcers will have to find other ways of carrying out the tasks and avoid a drop in main performance indicators. Thereby, it is highly probable that 2010 will witness a large number of dubious criminal cases initiated against major businessmen and top managers of state enterprises. These attacks cancel out positive results of economic liberalization launched in 2009 and threaten to deter potential investors in Belarus.

ARMED FORCES: SLOW-PACED REARMAMENT

Alexander Alesin

Summary

In the CIS, Belarus still comes third in its military capacity after the Russian Federation and Ukraine. This is a prestigious position, even in comparison with the neighboring NATO countries. The Belarusian authorities use the military factor in their foreign-policy games most efficiently. But the actual technical level of the Belarusian armed forces testifies that the imaginary state of affairs differs from reality and military rearmament process is very slowly. The level of high-tech arms and materiel provision in the Belarusian army does not allow for leading positions in the world and European “tables of ranks”.

Tendencies:

- a significant amount of arms and materiel in the Belarusian army is obsolescent; the deficit of up-to-date armaments is getting more acute.
- the State Rearmament Program is being implemented at a flagrantly slow pace, the Belarusian army is rapidly falling behind modern armament standards for military equipment.
- this lag is caused both by increasing costs of design and production of new arms when financing is insufficient and by technological weakness of not only the Belarusian but also the Russian military-industrial complex.

New forms for old contents

Belarus' geopolitical position and military capacity have always been its trump card in bargaining with both the East and the West. Therefore, right from the start of his first term president Lukashenko started paying significant attention to maintaining the fighting capacity of the Belarusian army.

These efforts bore fruit. The present structure and recruitment of the Belarusian armed forces generally meet European standards.

As a result of the army reform, mechanized brigades became basic tactical units of the Belarusian armed forces. They are grouped together into corps subordinated to territorial operational commands.

A crucially new component of the ground troops (mobile brigades) were formed on the basis of the most efficient Soviet

airborne formations, with special operations forces being part of the latter. The main emphasis in military training is put on operation in conditions of mobile defense.

The joint system of military education, training and retraining of professional military personnel has been almost completed. In the foreseeable future, the Ministry of Defense intends to stick to mixed army recruitment, i.e. combining conscripts and regulars. There is a plan to further upgrade this process in the course of time.

Development of air defense, air force, missile arm, electronic warfare, reconnaissance, and communications has been outlined as priority areas of the national defense. Regulatory documents prescribe basic modernization vectors: to enhance performance capabilities and jamming immunity, to expand functional areas, to ensure the highest possible automation of the control process, and to transit to a sophisticated element base.

But unbiased analysis shows that the Belarusian army has not advanced far in implementing these guidelines. Most available arms and materiel can hardly be described as up-to-date. And a whole range of arms is definitely obsolescent. T-72B, the basic Belarusian tank, was added to the armory in 1985, the armored vehicles BMP-2 and BTR-80 in 1980 and 1986 respectively. The 152 mm self-propelled 2S3 Akacia howitzer was added in 1971, the 152-mm self-propelled 2S5 Hyacinth gun in 1976 and the Sturm-S antitank missile system in 1979. Relatively modern but scanty 152-mm self-propelled 2S19 MSTA-S howitzers do not constitute key role machinery.

When the block guides were installed on MAZ-6317 truck chassis, Grad multiple launch rocket systems (added in 1963) showed better performance capabilities. But their ammunition range and precision fall behind the level of leading nations. In the nearest future this criticism will also apply to the Smerch (Tornado) heavy multiple rocket launcher (1987), so far the most powerful one in its class. Soon, the Tochka (Point) tactical operational missile complex (1976), the most long-range weapon in the Belarusian army, will require replacement.

The little known Osa (Wasp) anti-aircraft missile system (its first model was added to the armory in 1975, its modification Osa-AKM in 1980) and anti-aircraft missile systems SAN S-300 (S-300P in 1979, S-300PS in 1982) do not fully meet the modern

air defense requirements (first of all against stealth technology aircraft).

The air force shows similar tendencies. Mi-24 helicopter gunships were first supplied to combat units in 1971, Su-25 fighter jets in 1981, Su-24M interdiction fighters in 1972. These aircrafts are quite obsolescent today, but it is their electronic systems that fall significantly behind their western counterparts, and this fact causes anxiety. Only MiG-29 (1983) and Su-27 (1987) jet fighters were included in relatively advanced upgrade programs.

Quite recently the Belarusian air force received L-39 trainer aircraft (1974) purchased in Ukraine. But they were developed as far back as in socialist Czechoslovakia and do not meet requirements for last generation aircraft pilot training.

Technical stock modernization

Official sources present a problem-free picture of the country's military arsenal. On the eve of February 5, the Day of Arms of the Armed Forces in Belarus, the Ministry of Defense informed about interim results of the State Armament Program 2006 – 2015.

The released information shows that during the first stage of the Program (2006 – 2010) the Ministry of Defense purchased modern electronic reconnaissance facilities, electronic warfare units, secure communication facilities, automatic arms and troops control systems (ACS), small arms and sighting devices. Military formations and units, educational establishments are equipped with the latest training simulators. The special operations forces were re-equipped with up-to-date small arms, optical surveillance and sighting device, communication facilities and personal protective gear. As a result, some military units are now fully equipped with latest surveillance and electronic warfare facilities.

As of 2006 more than 90 new models of arms and machinery were added to the Belarusian armed forces armory. In 2009 alone, the army was supplied with 8 new models, to implement 5 trainer-simulation systems, to complete 7 more prototypes and to launch their operational testing. During the last 2 years the following equipment was added to the armory: a system of automation facilities for radar mobile command posts; the upgraded PRV-16M mobile height finder; the Strela-10 (Arrow-10) autonomous

simulator for combat crews of missile systems; the upgraded PEK-1BM mobile shielded system; staff and single-purpose vehicles for mobile command points protecting state bodies and organizations; the control, troubleshooting and maintenance system for air defense machinery electronic modules; KM-S, KM-L, KM-2LR camouflage systems.

The National Academy of Sciences participated in the work on topogeodesic and navigational support systems. There was developed a vehicle prototype to serve as mobile high power railway maintenance equipment. MAZ facilities are being used to develop an all-purpose tractor-trailer to transport pontoons for pontoon railway bridges.

The development of high-precision weapons counteraction facilities was focused on methods to attack control system elements. These models showed high efficiency during official testing. They were exclusively developed by Belarusian enterprises, which provided lower costs compared to their foreign counterparts. Some of these prototypes have already been applied in the armed forces. In 2010 after operational testing at least 11 new models will be added to the military.

Development of methods to counteract high-precision weapons is one of the priority tendencies of the national defense. Recent armed conflicts demonstrate that high-precision weapons constitute up to 90 per cent of the whole system of fire destruction. During last year's exercises "Zapad-2009" ("West-2009") Sapphire laser guidance jammer, Naves-U GPS radar jammer, and prototypes of remotely controlled aircrafts underwent operational testing.

Research and development not only laid the foundation for full-scale production of new models. Electronic warfare, reconnaissance, topogeodesic and navigational support systems, all kinds of air force and air defense ACSs are being maintained and upgraded at national enterprises. All this allowed for major repairs and upgrading of more than 700 higher-priority arms and equipment, such as planes, antiaircraft guided missile systems, and electronic reconnaissance stations. This list includes Su-27UBM1 and MiG-29BM fighter jets, Mi-8MTK01 helicopters, P-18BM radar stations, BM-21A BelGrad multiple launch rocket systems on facilities of cross-country MAZ vehicle, R-934UM Udar and R-378UM Ukol jamming stations.

Slow rearmament

The second stage of the State Armament Program will focus on step-by-step substitution of obsolescent arms and materiel and year-by-year rise of up-to-date and upgraded armaments purchasing. Deputy Minister of Defense for Arms Materiel Ivan Dyrman wrote in his article in "Belarusian Military Newspaper" that president Lukashenko made a fundamental decision that the country's armed forces be equipped with next-generation anti-aircraft missile systems in the nearest future.

The present stock of armed vehicles has already been assessed and models that will undergo step-by-step withdrawal were defined. To substitute them the most up-to-date arms and materiel will be purchased. Some currently used arms will be fundamentally upgraded. One of the first high-precision arms developed in Belarus is a guided glide bomb presented last year by 558 Aircraft Repair Plant (Baranovichi) at the 5th International Exhibition of Arms and Military Machinery Milex-2009, Minsk.

But the problem is that the unit weight of up-to-date arms and materiel in the Belarusian army is still quite small. Even high-ranking servicemen admit that the pace of rearmament is not high enough. The armed forces require urgent and accelerated modernization. Underfinancing is still the restraining factor. And this situation was worsened by the economic crisis.

Russia has big potential military science and defense industry and its assistance could facilitate Belarusian military modernization. But the Russian military-industrial complex lost a number of technologies and experiences a deficit in manufacturing capacity, which, along with high arms and materiel costs, hinder joint rearmament programs.

Despite this, a recent Belarusian Ministry of Defense press release states that improvements can be expected on this front: the defense ministries of Belarus and Russia intend to sign agreements on supply, repair and modernization of arms and military machinery. At the end of the day though, the financial realities will determine whether these goals are achievable.

FOREIGN POLICY

RUSSIAN-BELARUSIAN RELATIONS: TOGETHER APART

Valeria Kostyugova, Anatoli Pankovski

Summary

Belarus' engagement in the EU's Eastern Partnership (EaP) program became one of the crucial factors shaping Belarusian-Russian relations. Although official EU representatives never mentioned that the involvement of Belarus in the EaP was contingent upon recognition of the self-proclaimed Georgian republics of Abkhazia and South Ossetia, the Belarusian authorities chose to refrain from supporting Moscow in this very sensitive matter. However, Belarus did support Russia in another essential initiative – the reanimation of the Customs Union, but even the unprecedented rate of adoption of the package of Customs Union documents did not result in much expected dividends in oil and gas transport cooperation and did not resolve the problems concerning supplies of Belarusian products to the Russian market. In the gas transport sector, mutual relations developed in the context of the long-term contracts concluded at the turn of 2006 moving toward the standard terms of gas trade that Russia applies to the rest of the region. Collaboration in the defense sector was the most productive of all, but even here Belarus failed to obtain union preferences and had to settle for evasive promises in exchange for participation in Moscow's defense integration initiative, the CSTO Rapid Reaction Force.

Tendencies:

- Marked decrease in efficiency of traditional leverage Belarus uses to bargain with Moscow over sensitive issues;
- Significant improvement in Belarusian-EU relations, which is used to influence the eastern partner, albeit with varied success;
- More pronounced divergence of the eastern and western directions of Belarusian foreign policy;
- Absence of alternatives in collaboration in the defense sector.

Terms of engagement

There were a few decisive factors shaping Belarusian-Russian relations in 2009. Firstly, Belarus was included in the European Union's Eastern Partnership program. This foreign political initiative clearly correlated with the issue of recognition of Georgian breakaway republics of Abkhazia and South Ossetia by official Minsk (which Moscow insists on). Secondly, the terms of

the "long" talks over trade in energy resources need to be revised in the following aspects: (a) the four-year gas contract expires in 2010; (b) the contract for oil deliveries expired in 2009; (c) the growing uncertainty about the expiration of the long-term energy contracts (amid the economic crisis, which naturally aggravates this uncertainty) can be minimized – at least theoretically – by the "compensatory" prospects of the Customs Union of Russia, Belarus and Kazakhstan.

For convenience in analysis, we will group the factors in the following manner:

1. There are certain delays and deviations in the process of sovereignization of post-Soviet countries (dismantling of the imperial complex), which is expressed at the institutional level in the formation of relatively autonomous structures of sovereignty (ranging from "external" communication systems to state institutions) and on the emotional-political level, in the search for the "own way".

2. The global economic crisis apparently slows this process: the trivial deficit of finance prevents these countries from reaching the desired rate of progress. For example, Russia has postponed the launch of its new infrastructure projects (especially energy transport initiatives), which indicates the need for a reversal in mutual relations with transit countries that "lock" or encircle Russia along the contours of the continent.

3. In a strict sense, this reversal does not presuppose recoil to the previous phase of relations. In other words, former integration patterns are not being restored, but transformed. For instance, the Customs Union is a project designed to partially replace the Eurasian Economic Community, which served as the foundation of the Customs Union, and partially substitute for the Union State of Belarus and Russia, which has been almost completely dismantled by now, except for its formal components (executive authorities and regulatory framework) and the ideological facade.

4. The sophisticated recombination of initial integration intentions and projects results in quite serious collisions: the Belarusian administration, which used to successfully balance between the West and East, will have to make a choice not only of its tiny civilizational niche, but also of benefits and expenses of integration. This choice is complicated by extremely narrow forecasting time-frames: the benefits and expenses are utterly

impossible to assess, because the Customs Union and Eastern Partnership are not so much programs as frameworks of potential programs. Minsk completed the year 2009 amid lingering uncertainty and high investment risks.

Recognition of the unrecognized vs. Eastern Partnership

The Russian-Georgian military conflict prompted the global community to revise the role of Russia in the former Soviet Union. The events of August 2008 made it clear that Russia was unable to guarantee security in the region, and the ex-Soviet space had run short of "soft power". It is to a large extent due to this "discovery" that the European Union on February 23, 2009 decided to include Belarus in its Eastern Partnership Initiative alongside Azerbaijan, Armenia, Georgia, Moldova and Ukraine. These countries welcomed the possibility to be involved in the Eastern Partnership. Although EU officials never drew a direct connection between the engagement of Belarus in the EaP and the issue of recognition of the self-proclaimed breakaway Georgian republics of Abkhazia and South Ossetia, the Belarusian authorities refrained from backing Moscow in this matter¹.

Official requests of the South Ossetian and Abkhazian administrations to recognize them as independent nations were not neglected by the Belarusian authorities; however, Alexander Lukashenko handed responsibility for this delicate issue to parliament. Anyway, neither the spring nor the autumn session proved to have sufficient time to address the sovereignty of the breakaway republics. Belarusian delegations visited the self-proclaimed nations thrice in 2009: on May 12, a high-level delegation was led by Presidential Administration Chief Vladimir Makei, and two parliamentary delegations paid visits to South Ossetia and Abkhazia on May 31 and November 17–20. Those visits did not facilitate the decision-making regarding the recognition of the two republics, but Belarus managed to use this

¹ For example, Jose Manuel Pinto Teixeira said: "The issue of recognition or non-recognition of the two Caucasian republics is not part of our dialogue with Belarus. The Belarusian authorities and society are to resolve this issue independently," http://telegraf.by/in_belarus/33235.html.

issue when bargaining with Moscow over sensitive issues. For example, following a session of the Union State government on July 22, which proved quite unsuccessful for the Belarusian side, the Belarusian Foreign Ministry "strongly recommended" Belarusians to follow Georgian regulations when planning trips to Abkhazia and South Ossetia².

Russian news media responded with a barrage of accusations of betrayal³. A high-ranking unnamed source in the Russian Presidential Administration warned that the misbehavior of Moscow's ally would bring imminent retaliation (Russia would not provide loans, would make Belarusians pay for gas and close its domestic market to Belarusian products, etc.). Some Russian commentators came up with more serious threats: if Lukashenko fails to follow Russia, his regime will collapse — he will be dethroned by internal forces, he will be replaced by a Russian candidate, he will be sold by European partners and sent to the International Criminal Court in The Hague. Such threats were frequently masked by appeals to the Russian administration "not to betray the last ally" and criticism of Russian policies on Lukashenko's regime, but their key objective was to promote a sensation of weakness of Lukashenko's position in the new circumstances⁴.

The Union State partners did not succeed in tackling this narrow foreign political vector in 2009. The warnings and threats that diversified the media space failed to create a serious system of incentives and disincentives amidst Belarus' collaboration with the International Monetary Fund and the World Bank, which helped offset the foreign trade deficit (in other words, losses of Belarusian companies on the Russian market), and exciting prospects of exchanges with the European Union. As of late 2009, Abkhazia and South Ossetia could still be used as bargaining chips, but their significance was played down as early as the first months of 2010. It is very hard to reintroduce them in the Belarusian-Russian negotiations, and it seems Belarus will manage to minimize its importance to ultimately add it to the list of "discarded chips", including the Constitutional Act of the Union State, common currency, etc.

² http://naviny.by/rubrics/politic/2009/07/24/ic_news_112_315061/.

³ <http://www.izvestia.ru/politic/article3129247/>.

⁴ <http://www.regnum.ru/news/1170588.html>.

Customs Union retrospect

The central issue of the Customs Union agenda is the terms of trade in end products, especially, supplies of Belarusian commodities to the Russian market. The problem of symmetry in trade relations is naturally raised quite frequently, but for the Russian side the conditions of exports to Belarus are just a negotiating point rather than a matter of strategic importance. For Belarus, the Russian market is capacious, crucial, and truly irreplaceable.

Talks over the terms of supplies (alongside Belarus' accession to the Eastern Partnership and dilemma of recognition of Abkhazia and South Ossetia) generated major scandals, mutual complaints and threats throughout 2009. During a session of the Council of Ministers of the Union State of Belarus and Russia on January 30, 2009, Russian Prime Minister Vladimir Putin linked up the possible preservation of preferences for the Belarusian side on the Russian market and inclusion of Belarusian commodities in Russian "government-financed contracts" (budget-financed procurement, lease programs, etc.) to the establishment of joint holdings — allegedly suggesting the "no holdings — no preferences" pattern.

Some more scandals followed. Russian *Kommersant* daily reported after a series of summit meetings on March 19 and 21 that President Dmitry Medvedev had demanded in plain language that a number of Belarusian dairy farms be privatized by Russian companies⁵. A joint working group was said to have drawn up a list of Belarusian milk-processing enterprises to be ceded to Russia. However, Belarusians tackled the potential privatization projects with traditional "thoroughness" (that proved efficient enough during the haggle over Abkhazia and South Ossetia), and Russia started losing patience as early as late spring and imposed a ban on imports of Belarusian dairy products. The "milk war" was short, but dramatic, and looked like the gas conflict of 2004. In some way, the war gingered up the integration project of the Customs Union. The convincing demonstration of the grim prospects of the Belarusian industrial sector in conditions of the isolation from the Russian market prodded Alexander Lukashenko to qualify the

⁵ Alexander Lukashenko Depreciates, *Kommersant* # 49 (4104) of March 20, 2009: <http://www.kommersant.ru/doc.aspx?DocsID=1140552>.

decision of CIS foreign ministers on June 9 on the simultaneous accession of the Customs Union members (Russia, Belarus and Kazakhstan) to the World Trade Organization (WTO) as a "breakthrough".

The logic of the Russian side is not quite transparent, but understandable. On the one hand, Russia has preserved preferential terms for many CIS countries, especially Belarus, which has enjoyed not only relatively cheap energy resources and loans, but also has an almost unlimited access to the Russian market. On the other hand, Russia interprets Belarus' accession to the Eastern Partnership as a direct proposal: European businessmen are welcome to use the Russian market as their own – and this interpretation is not unfounded. The Russian industrial lobby responded instantly: Belarusian Savushkin Produkt dairy brand is one thing, whereas Polish or Dutch products under the same brand is a totally different thing. The concept of the Customs Union is designed to end the "milk war" (and a number of disputes over other commodity groups – mostly food-processing enterprises and agricultural machines). The key idea of the Customs Union is to *introduce equal customs tariffs and common customs records*. The Belarusian side had to reluctantly welcome this project: a loss of the Russian market is synonymous to a fiasco of the Belarusian manufacturing sector.

On September 4, Russian border guards familiarized themselves with the work of Belarusian counterparts working on the western border of the Union State. The presidents of Russia, Belarus and Kazakhstan approved the constitutive documents of the Customs Union during a EurAsEC summit in Minsk on November 27. For the first time ever, *a bloc was established in the former Soviet Union with a supranational body* – the Commission of the Customs Union. On December 4, the 13 international agreements that form the legal framework of the Customs Union within the EurAsEC were ratified in the lower chamber of parliament, the House of Representatives. The list includes the agreement on the use of quotas in the Customs Union and bill on the ratification of the protocol on provision of tariff preferences. Alexander Lukashenko approved the package of documents to establish the Customs Union on January 5, 2010.

Gas and oil

Amid the tragic events around the "Caucasian knot", the Eastern Partnership and terms of trade, the relations in the oil and gas sector developed relatively peaceful. The gas and oil conflicts were bound to subside as soon as Belarus and Russia signed long-term framework contracts regulating oil relations until the end of 2009 and gas relations until the end of 2010. The Belarusian side even managed to have the price discount rate increased in 2009 (Russia allowed Belarus to pay 70% of the European gas price minus transport cost instead of the originally scheduled 80%). It was easy for Gazprom to meet halfway with Belarus, because the real price Belarus paid every quarter met Gazprom's forecast: Belarus paid U.S. \$210 per 1,000 cubic meters of gas in the first quarter, U.S. \$158 in the second quarter, U.S. \$115 in the third quarter and U.S. \$122 in the fourth quarter. Discounts set as part of the European price are not really relevant in conditions when a monopoly supplier — Gazprom — simply sets the final price. There is no one to appeal to. In other words, it is much easier to sell a commodity for U.S. \$200 if the old price tag has U.S. \$300 on it — who would complain about the discount?

Another concession that the Belarusian side obtained from Russia — the one on gas payment procedure — was much harder to get. Belarus used to pay for gas at actual prices on a quarterly basis, whereas in 2009, the country used its best lobbying skills to persuade Russia to accept payments at an average annual price of U.S. \$150 per 1,000 cubic meters, which means Belarus was underpaying in the first half of the year and overpaying in July-December. The request of the Belarusian side had been initiated by shortages of finance early in 2009.

In the oil sector, the Belarusian-Russian relations were even more peaceful, as the Belarusian side could not influence the Russian oil trade strategy. Belarus did not seem willing to make any adjustments in oil import patterns. Some experts had predicted grave problems in the "oil issue" in early 2010 and advised taking immediate action. However, Belarus allowed matters to take care of themselves.

In early 2009, Russia offered Belarus to establish a joint oil holding incorporating the Belarusian section of the Druzhba oil pipeline, the two oil refineries, petrochemical enterprises and

Russian oil producers. The proposal was aired by Russian Ambassador to Belarus Alexander Surikov and Russian Deputy Prime Minister Igor Sechin. Surikov promised: "whether we will speed up or postpone the construction [of BTS-2 pipeline - authors] will depend on the progress of our talks over joint projects, including the establishment of a holding of extractive, transport and processing enterprises 'at the junction' of Belarus and Russia."⁶ The Belarusian side was interested in the Russian proposal: a working group was set up; it worked the entire year, but without visible results. In short, the attitude of the Belarusian side, its deliberation and excessive thoroughness were the main reasons behind the oil knot that Belarus will have to untangle in 2010⁷. Belarus entered the new year without a new oil contract.

Why did the Belarusian "oil generals" fail to tackle the problem that had been looming for months? It looks like Belarusian hopes for the Customs Union benefits and automatic dissolution of all "oil clots" had been too high. Belarus did not bear in mind, though, that the Customs Union was being formed to cut transit losses and combat smuggling, and not to keep the Belarusian socioeconomic model afloat. On the other hand, the "oil issue" was somewhat overshadowed by the "financial issue", when the International Monetary Fund took over from Russia the role of the chief financial donor of Belarus.

Military cooperation

Negotiations over intensification of military cooperation started at the very beginning of 2009. Dmitry Medvedev and Alexander Lukashenko had a telephone conversation on January 27 and agreed to create a joint military force countervailing to that of NATO — the Rapid Reaction Force of the Collective Security Treaty Organization (CSTO). Three days later, the Council of Ministers of the Union State inked the accord that Belarus and Russia had been working on for almost a decade — the agreement

⁶ Quoted from: BTS-2 On Its Mark, *Belorusy i rynok* ('Belarusians and the market') № 21(856) 25 of May, 31 2009: <http://www.belmarket.by/ru/28/65/1971/>

⁷ There were no crude oil supplies under tolling terms to Belarus in the first quarter of 2010.

on the creation of the Common Regional Air Defense System. The presidents approved the agreement on February 3⁸. The Belarusian air defense system had never been independent, as its efficient operation had been reliant on coordination with Russian air defense forces. While ensuring the defensive ability of the Belarusian army in the air, the Russian side demanded that the real state of things be legalized in an agreement on the common air defense system. The most serious problem pertained to the command of the Belarusian air defense units, as they are supposed to report to the Supreme Commander-in-Chief, i.e. the president. A compromise was reached, though⁹: Belarusian air defense will be subordinate to the Belarusian military command in time of peace and to the Russian command in time of war. After consolidating its success on the western border by the large-scale West-2009 exercise, Russia focused on engaging Belarus in other military blocs. Belarus was invited to the Shanghai Cooperation Organization (SCO), and in October, signed a package of documents to establish the CSTO Rapid Reaction Force. However, the closer military cooperation in 2009 did not result in a fast rearmament of the Belarusian army, contrary to Belarusian expectations.

Conclusion and challenges of 2010

In 2009, Belarus lost some of the traditional levers that it had been using when negotiating sensitive issues with the Russian administration, including oil and gas cooperation and trade in end products. At the same time, Belarus failed to reduce its dependence on Russia in energy import and export of Belarusian products. The Russian authorities were making "preemptive strikes" in strategically important areas, allowing Belarus a few minor tactical and media victories as a consolation prize.

Attempts to get back to bygone cooperation schemes used within the Union State for years, i. e. direct subsidies to the Belarusian economy as a Russian region in the form of Russian

⁸ BelTA, February 3, 2009, http://www.belta.by/ru/news/archive?date=03_02_2009&page=2&id=329307.

⁹ A. Alesin, Union Cover, Nashe Mneniye ('Our Opinion'), February 5, 2009, <http://nmnby.eu/news/express/1676.html>.

domestic energy prices and preferential access for Belarusian exports to the Russian market are a waste of efforts and resources.

In 2010, the Belarusian administration will have to redouble its efforts to seek alternative sources of bolstering its socio-economic model — primarily through expansion of cooperation with the countries of the region and liberalization of the business environment. If Belarus succeeds in its quest, it will have new valuable bargaining chips to use in future disputes with Russia.

BELARUS-EU: PROTRACTED NORMALIZATION

Denis Melyantsov

Summary

The year 2009 became a significant landmark for Belarusian foreign policy and the relations with the European Union as an important aspect of this policy. Belarus became a full member of the EU's Eastern Partnership Initiative, thus transforming from the "last European dictatorship" into a partner of the European Union. European politicians visited Belarus to meet with the head of state and top officials, and some Belarusian officials paid visits to European countries; negotiations commenced over European financial aid to Belarus; the Delegation of the European Commission to Belarus eventually was granted an official status. At the same time, Belarus and EU made little progress in institutionalizing their relationship. The European Union did not manage to get Belarus to make any serious steps toward democratization and improvement of the human rights situation.

Tendencies:

- Belarus managed to break its international isolation and strengthen its position as an EU partner;
- Belarus and EU did not make much progress in the issue of the ratification of the Partnership and Cooperation Agreement and involvement of Belarus in the European Neighbourhood Policy;
- Lack of progress in democratization of Belarus slows down the approximation with EU and impedes the country's engagement in the Eastern Partnership projects.

End of isolation

In 2009, Belarusian foreign policy finally demonstrated its declared "multi-vector" nature after finding a western counterbalance to its oversized eastern dimension. The end of the long-standing self-isolation phase was marked by a resumption of official visits of the Belarusian state leader to European countries, as well as visits of distinguished high-ranking guests from the West to Belarus, participation of official Minsk in the institutions initiated by EU (Eastern Partnership program) and inflows of western capital, mostly in the form of loans.

The signing of the agreement on the establishment of the Delegation of the European Commission to Belarus (later the Delegation of the European Union to Belarus) by President Alexander Lukashenka on January 8 marked the beginning of a new stage in the history of the Belarusian-European relations, as Belarus and EU officially established full-scale diplomatic relations. Prior to that, the delegation used to work in Belarus as a TACIS office designed to provide Belarus with technical assistance.

The opening of the EU Delegation to Belarus took place amid a bitter diplomatic conflict between the Belarusian authorities and the United States, which resulted in the expulsion of the U.S. ambassador and significant staff reductions in the U.S. Embassy. This may not be a coincidence, as Minsk may have been making clear indications that the EU's instruments to influence Minsk were limited, and possible consequences of a too enthusiastic support for the Belarusian opposition could be devastating.

On February 19, Javier Solana, High Representative for the Common Foreign and Security Policy, Secretary-General of the Council of the European Union, paid a visit to Belarus. During the visit, which had been arranged in half secrecy, the top European official complied with Minsk's request to pursue dialogue without intermediaries and preliminary conditions¹, thus indicating the end of the European policy of conditionality toward Belarus. Solana made it clear that EU was ready for informal agreements with the Belarusian government and that geopolitical loyalty was the cornerstone of mutual relations, rather than democracy and human rights.

Commissioner for External Relations and European Neighbourhood Policy Benita Ferrero-Waldner, on the other hand, kept to the traditional European rhetoric fixed in the non-paper "What the European Union could bring to Belarus" (2006)². It could be for this reason that Lukashenka did not want to meet with her right after the visit of Javier Solana (Ferrero-Waldner's visit, originally slated for March, had been postponed until June).

¹ Javier Solana says he came not to make conditions: http://naviny.by/rubrics/politic/2009/02/19/ic_news_112_306656/

² See.: What the European Union could bring to Belarus: http://ec.europa.eu/external_relations/belarus/intro/non_paper_1106.pdf.

In May, Lukashenka visited the European Union after a more than 10-year pause. Lukashenka went to Italy to meet with the Italian leaders and had an audience with the Pope. That European visit was to show that Belarus had not only broken its international isolation, but also was eager to consolidate its relations with the Catholic Church. In fact, the Belarusian leader had a more ambitious goal in mind — to act as an intermediary in the matter of reconciliation between the Western and Eastern Churches. However, the Moscow Patriarch, just like Lukashenka himself, showed that he preferred pursuing dialogue without any intermediaries³ by disavowing Lukashenka's statements.

In autumn, there were a few more international top-level visits that proved once and for all that Belarus had done away with its international isolation. In September, Lukashenka paid an official visit to Lithuania, and in late October, Italian Prime Minister Silvio Berlusconi arrived in Minsk (he became the first European politician of this level to visit Belarus in the past 12 years).

In November, Lukashenka paid a visit to Kiev (see "Belarus-Ukraine: On the Way to Strategic Cooperation?" in this yearbook), which alongside his stay in Vilnius in September and general enhancement of economic ties along the North-South axis could be regarded as a new trend in Belarusian foreign policy. This new tendency may be dubbed "regionalization" of Belarusian foreign political efforts aimed at strengthening its positions in talks with Russia and creating an "airbag" in the event of the failure of the dialogue with the European Union.

Besides top-level visits, there were plenty of Belarusian-EU contacts at the level of ministries and expert communities. Foreign Minister Sergei Martynov in the fourth quarter alone visited Finland, Romania, Spain, Austria and Brussels (twice). The revision of the EU's attitude to Belarus thus brought an end to the period of political isolation of Belarus, which had lasted for more than a decade.

Eastern Partnership context

There was one more serious bonus for Belarus besides the cessation of its international isolation — the country got involved in the

³ See.: Bat'ka Crosses Pope's Path: <http://www.kommersant.ru/doc.aspx?DocsID=1244986>

Eastern Partnership (EaP) Initiative of the European Union, proposed by Poland and Sweden in the spring of 2008. EaP is an instrument of deepening the European Neighbourhood Policy (ENP) and is in essence an alternative to membership of the European Union, offering all the countries involved a free trade area and visa-free travel to the European union in the long term.

The decisive factor for the immediate launch of the Eastern Partnership (compared to other EU programs, which had taken much longer) was the war in the Caucasus in August 2008. The primary motivation behind the Eastern Partnership is a purely geopolitical campaign to withdraw Eastern European post-Soviet countries from the influence of Russia with a view to forming a belt of friendly nations on the eastern border of the European Union⁴. The European Commission's declaration dated December 3, 2008 and EU Council documents on the Eastern Partnership lost the phrases about a threat coming from Russia and added the context of values, but it did not mean the geopolitical foundation of the initiative had lost its priority⁵. High-ranking European politicians and officials have made it clear many times that Belarus' involvement in the Eastern Partnership would depend on the non-recognition of the breakaway Georgian republics by official Minsk⁶, which attests to the geopolitical rationality of the new European program.

During the first three months of 2009, the level of Belarus' engagement was discussed, and the country was eventually granted the status of full EaP member. We believe Alexander Lukashenka's meeting with Javier Solana contributed a lot to that decision. Whether or not Lukashenka would take part in the EaP inaugural summit in Prague on May 7 was a matter of grave concern to many, but a clever maneuver helped everyone save face: Lukashenka got an official invitation to come to Prague, but there

⁴ This task is consistent with the European Security Strategy (ESS) adopted in 2003, aiming at expanding the security belt around Europe.

⁵ D. Melyantsou. *Eastern Partnership: Incomplete Gestalt*. BISS 2009: <http://www.belinstitute.eu/images/stories/documents/bb072009by.pdf>

⁶ Javier Solana: "Belarus should stand fast in its position on non-recognition of South Ossetia and Abkhazia": http://belapan.com/archive/2009/03/17/eu_291314/. "Possible recognition of South Ossetia, Abkhazia by Belarus will hardly promote Eastern Partnership collaboration, German Foreign Ministry says": http://belapan.com/archive/2009/11/05/eu_341048/, etc.

must have been some informal agreement that the Belarusian leader would not turn up and embarrass some of the representatives of Old Europe, who still felt skeptical about the normalization of relations with the dictatorship. The fact that the Belarusian head of state did not go to Prague proves that Minsk was willing to keep, among others, even unofficial promises.

Throughout the year, Belarusian officials would emphasize the importance of Belarus' involvement in the Eastern Partnership. First of all, Minsk is interested in attracting additional financing for the projects that cannot be funded from the state budget amid the global downturn. Its participation in EaP projects would also improve the image of Belarus, which until quite recently had been in political isolation, and which European investors would avoid. The Belarusian authorities also liked the fact that they were invited to shape the development of the initiative from the start.

Despite the fact that the Eastern Partnership has a special place reserved for civil society (Civil Society Forum), one has to remember that the initiative had been designed as a form of interaction with neighboring countries at the interstate level, hence a limited influence of the Forum on decision-making and certain secrecy in the preparation and submission of suggested projects by the Belarusian side. Nevertheless, it is known that of the "post-Soviet "sextet" taking part in the Eastern Partnership, Belarus was the first one to submit its draft projects to the European Commission (as of late 2009, the Commission had made no decision on the Belarusian proposals yet).

It should be noted that the transformation potential of the Eastern Partnership is very low. The program does not aim at reforming the economies of the member-states for further accession to EU or transforming the political systems of the six members. As for the financing of the initiative, it is quite modest: the EaP budget amounts to 600 million euros for the six countries, and Belarus can only hope to get 40 million euros⁷.

Belarusian and European experts have noted that the Eastern Partnership program is a sort of alternative to the Russian Common Economic Area project. It will be impossible for Belarus to be involved in both, and in the end Minsk will have to decide which

⁷ J-E Holzapfel. Belarus-EU cooperation amounts to 40 million euros: <http://news.tut.by/135310.html>

of the two integration initiatives is preferable. This naturally narrows the room for political maneuver, and the Belarusian administration will keep doing its best to pursue the policy of avoiding the ultimate choice.

President Lukashenko made an unambiguous statement to this effect: *"We tend to prioritize what we can implement earlier. If the Customs Union starts working for real in 2010, it will become our priority. Whether we will have a free trade zone of Belarus, Ukraine and the European Union or not, we don't know yet. We have had nothing but discussions so far. It would be good if we established the Customs Union, as it will be very profitable to us. But it would naturally be advantageous if we created a free trade zone with the European Union"*⁸.

The year 2009 marked the onset of the Eastern Partnership (its executive agencies are not formed yet). This European initiative has not resulted in any substantial preferences for Belarus yet, therefore the Belarusian authorities hurried to sign the Customs Union accord with Russia and Kazakhstan looking for immediate benefits, which put into question many potential benefits of the Eastern Partnership.

Dialogue without intermediaries and conditionality

From the very beginning, the Belarusian-European dialogue not only served the interests of Belarus, but also corresponded with the needs of the European Union. The previous policy, based on sanctions, had failed, and it was time to look for new ways to resolve the "Belarusian issue", which appeared to be gaining importance for the enlarged European Union: an undemocratic transit country on the eastern border was a challenge for the then immature foreign policy of United Europe.

Since late 2006, the EU had been trying to force Minsk to fulfill a package of preliminary conditions stipulated in the non-paper "What the European Union could bring to Belarus" and some other documents, claiming that compliance was a precondition for normalization of relations. However, official Minsk ignored that

⁸ A Lukashenka. "We would not turn down EU free trade zone, if it were proposed tomorrow": http://naviny.by/rubrics/economic/2009/07/06/ic_media_113_3219/

conditionality insisting that political relations must be restored without any preconditions or "double standards". As a result, Brussels cut the package of requirements from 12 to five, and then left only one, namely, the release of political prisoners, showing the inconsistency of its position and willingness to yield without having any reciprocal concessions.

After the Russian-Georgian war of August 2008 the significance of Belarus for the EU increased enormously — the "belt of neighborliness" would not be an organic whole without Belarus. Being shocked by the events in the Caucasus, the European Union turned a blind eye to the undemocratic parliamentary elections in Belarus and failure to meet preliminary conditions, and opted for the one-sided recognition of the Belarusian regime, because geopolitical reasons proved weightier than democratic principles. That fatal mistake resulted in a whole range of problems, which the EU will have to tackle later.

The European Union painted itself into a corner when it agreed to give up conditionality and restored its relations with Belarus without drawing up a "road map" of normalization. *First*, it let Lukashenka see that non-recognition of South Ossetia and Abkhazia was more important for the EU than democratization and liberalization of Belarus, and that the EU will be ready to cede its positions in future. *Second*, once it started the dialogue with Belarus, the EU will find it impossible to suspend it even if Minsk "misbehaves", as it would mean another failure of an EU policy on Belarus.

Third, by agreeing to make unilateral concessions, the European Union limited the range of instruments to impose any conditions on Belarus in future. Minsk interpreted the situation perfectly well and played along with EU when the right time came. It appeared that the European Union "hooked" Belarus using its programs, whereas Belarus "hooked" Brussels using the inconsistency of the European approach.

The Belarusian authorities did not make any serious moves toward democratization of the internal political life in 2009; the political system remained unreformed; the only change was a slight alleviation of political practices. At the same time, Belarus became a full member of the Eastern Partnership Initiative, broke the international isolation, received stand-by loans from the International Monetary Fund (IMF) (EU gave its consent), started

negotiating financial aid and simplified visa procedures with EU. In other words, the Belarusian administration became the winning party. Civil society, too, managed to reap the benefits of an additional vote in the Civil Society Forum of the Eastern Partnership.

One should admit that the "policy of dragging" toward Belarus may prove efficient if EU manages to make its programs attractive enough for Belarus to lose its interest in the integration projects with Russia. In order not to lose control of the process, EU needs to pay more attention to tactical issues, such as "road maps" and interconditionality of concessions. So far official Minsk has been playing in the framework of the old scheme, based on geopolitical bargaining and taking political opponents hostage. A new configuration in the scope of the region would give the Belarusian authorities more room for maneuver.

The EU's "soft policies" on Belarus are explained not only by geopolitical factors, but also by economic interests of some member-states, corporations and firms, certain opportunities offered by the participation in the privatization of Belarusian state property, which will start sooner or later. For that matter, political reorientation of Belarus toward the West could create an alternative to one-way capital inflows from Russia.

First disappointments

When evaluating the initial phase of the Belarusian-European dialogue, one should note that both sides are somewhat disappointed: EU has not seen any progress in democratization of Belarusian political life; political opposition, civil society and independent media are still persecuted, and the political system has showed no institutional changes. The relation between the EU and Belarus still lack the institutional framework: the Partnership and Cooperation Agreement has not been adapted and ratified; Belarus has not become part of the European Neighbourhood Policy, which prevents the country from taking part in the bilateral format of the Eastern Partnership as a full member. On the other hand, as it was mentioned above, the policy of dragging applied to Belarus may prove successful only in the long run.

The Belarusian government had expected fast financial benefits from the dialogue with the EU, especially through

financing of EaP projects, but unfortunately for the Belarusian authorities, the program has been taking too long, and not a single project from the list proposed by the Belarusian side has been adopted. Additional difficulties will be encountered when the Eastern Partnership starts forming EaP administrative agencies. The European Parliament refuses to include Belarusian representatives of the National Assembly in the Euronest Parliamentary Assembly and demands seats for the Belarusian opposition.

The process of normalization did not result in a complete abolition of sanctions — they were suspended until autumn 2010. The country's Generalized System of Preferences (GSP) benefits have not been reinstated, and Belarus has failed to gain membership in the European Neighbourhood Policy, which restricts its access to possible sources of financing.

Being quite disappointed with the immediate results of the Eastern Partnership, Belarus turned to other options, namely, the Customs Union with Russia and Kazakhstan, hoping it would reincarnate the subsidies that it had enjoyed prior to 2007. These sharp swerves in the foreign policy of official Minsk puzzled European politicians, who seem to question the seriousness of Belarusian partners' intentions. At the same time, this behavior of the Belarusian administration appears to be a natural result of the low attractiveness of European programs, which should prompt European institutions to work out a full-scale strategy for its eastern partners, especially for Belarus.

Conclusions

A major breakthrough for the Belarusian-EU relations came in 2009, which appeared to be the most productive and favorable year in the past decade. In a very short time span Belarus made remarkable progress from "the last dictatorship" in Europe to an EU partner. However, the rapprochement did not lead to a transformation of the political system of the country, because political repression still remains, albeit less severe than before, whereas European values are still alien to the Belarusian elite currently in power.

Once the EU failed to work out a "road map" for normalization, it lost its influence over Belarus, and it does not seem to be in charge

of the process now. The inconsistency of the European approach at the early phase of the dialogue does not allow EU to get back to the policy of conditionality, which is why the dialogue continues according to the rules imposed by official Minsk.

The policy of dragging employed by the European Union may prove efficient in the long run, but the delays in the implementation of Eastern Partnership projects encourages the Belarusian authorities to look for more beneficial alternative integration projects, primarily those involving Russia.

The Belarusian-European relations have formed a separate line in Belarusian foreign policy that is now independent of the situation in the Belarusian-Russian relations. Nevertheless, Belarus has not given up its strategy of balancing between the "two monsters" and has not made its choice in favor of a single center of gravity.

POLISH-BELARUSIAN RELATIONS: CONTINUATION OF PRAGMATISM

Kamil Klysinski

Summary

For Polish-Belarusian relations the most dynamic were traditionally the economic ties which both parties managed bring to unprecedented level, and the scope of cooperation in 2009. As for political relations, Poland for its part continued to act for the benefit of engaging Belarus by dialogue and participation in the Eastern Partnership program. However, despite the development of relations in the political and economic spheres, it was not possible to solve long-term problems causing tension between Minsk and Warsaw.

Tendencies:

- The transition from a current trading exchange to a wide cooperation at the highest level has become stronger;
- Economic crisis was reflected on the Polish-Belarusian trading exchange – it decreased by half;
- Polish diplomacy was actively engaged in the dialogue between the EU and the Belarusian authorities;
- Controversial questions of bilateral relations remained unresolved.

Economic cooperation despite crisis

Partial alleviation of the international isolation of the Belarusian regime in combination with the Belarusian steps of improving the investment climate brought about considerable growth of the level and intensity of economic relations in 2009. The visit of Polish vice-premier Waldemar Pawlak to Belarus on February 23, during which the possibilities of joint energy projects and prospect of participation of Polish investors in the widely announced privatization of state subjects of management of Belarus were discussed, proved this.

However, the First Economic Summit Poland – Belarus organized on June 23–24 and accompanying it the III National Exhibition of the Republic of Belarus were the most indicative episodes in this sphere. During the sessions both parties discussed cooperation in the energy sector, in finance and insurance, trade and agriculture, regional cooperation and tourism. The plans of

action in the energy sector had the most perspective. Among others the project of the construction of a coal power station in Zelva near Hrodna (preliminary announced at the London investment forum in November, 2008) was presented as well as the modernization of the Polish-Belarusian power bridge Ros-Narew, and the construction of the product pipeline from Belarus to the Polish fuel base in Maiaszewicze. The first economic summit became an unprecedented event in Polish-Belarusian relations both in quantity and the rank of participants and in the width of the discussed problems.

The unexpected visit of the head of the Polish Prime minister's office Tomasz Arabski to Minsk, who met with the head of Administration of the Belarusian President Uladzimir Makey, was the continuation of the intensive economic contacts. The economic questions, including prospects of the Polish capital in Belarus, were the main topic of negotiations. The possibility of an admission of *Polkomtel* firm in the Belarusian telecommunication sector was one of the discussed projects. As well as the economic summit, organized in June, this meeting brought new quality into the Polish-Belarusian economic cooperation.

The working visit of Premier Syarhei Sidorsky to Poland on September 1-2 was the next demonstration of revival in this sphere. Though the participation in the 70th anniversary of the beginning of World War II was a formal reason for the Prime Minister's arrival, the economic topic again dominated. The signed memorandum of cooperation in the sphere of electrical power industry concerning cooperation in the field of energy turnover, its transit and delivery as well as the exchange of experience among the experts in this area. Besides the negotiations with the representatives of several Polish firms interested in business in Belarus, including *AJK Investment* company, which offered the consulting support in privatization of Belarusian enterprises were carried out.

The last event was the session of the Polish-Belarusian working group on trade and investments in Warsaw on October 14, 2009. During the negotiations the parties co-coordinated the realization of the project of the pipeline which transports oil products from Mozyr oil refinery to the Polish fuel base in Maiaszewicze. The Polish Liquid Fuels Logistics Operator (OLPP) became the executor of the project. The institutional contacts also increased.

In October representatives of the central banks of both countries signed an agreement promising cooperation and exchange of experience.

All events mentioned above prove that in Polish-Belarusian relations the tendency that started in 2008 for transition from a current trading exchange to wide cooperation at the highest level which is beneficial for certain investment projects, has become stronger. However such dynamic development of relations does not prevent problems and misunderstanding in this sphere.

In the context of February visit of vice-premier Pawlak the widely circulated Polish newspaper *Rzeczpospolita* published an open letter of Terravita firm which for some years has already tried to return the capital invested in Belarus that was intercepted by their dishonest Belarusian partner. In their letter the representatives of the firm warned the readers from investing into Belarus, accusing its authorities of disrespecting property rights and applying arbitrary solutions to separate problems. Thus the problems which result from the considerable difference of economic systems of both countries increased.

In its turn in December the news broke that the interest of the Polish side in the construction of the oil pipeline to Małaszewicze had abated. This was caused by the increase in capacity of the Gdansk oil refinery, now able to satisfy the main demand for oil products in Poland. The realization of other investment projects as well as the participation of Polish projects in the privatization promised by the Belarusian authorities turned out to be problematic.

In 2009, despite the negotiations and proposals, no serious transaction was made in which Warsaw participated. It seems that the reason for this was on the one hand the economic crisis, and on the other – the subjective fear of the Belarusian authorities of losing state ownership, the inability to work with foreign investors and also the harsh demands for investors. These restrictions had a general nature and concerned all investors, irrespective of the country of origin.

The economic crisis affected the Polish-Belarusian trading exchange. According to Polish data, during the period of January-November, 2009 a decline of about 50% was registered. The greatest reduction occurred in imports from Belarus – from USD

1.26 billion during the period of January-November, 2008 to USD 0.73 billion during the same period in 2009. But Polish exports during this period were over USD 1.09 billion, while in the previous year it was USD 1.49 billion. Thereby Poland once again received a positive balance of trade (in 2008 it had been nearby USD 300 million). It should also be underlined that Belarusian data have not agreed with Polish statistics for many years, resulting from different methodologies for calculating trade operations. The result is that both parties provide data claiming a positive balance in trade with their neighbor.

Involvement of Belarus through its participation in the Eastern Partnership

Just as in previous years, in 2009 Polish-Belarusian relations were essentially determined by the relations in the Brussels-Minsk axis. Polish diplomacy was very actively engaged in the dialogue of the EU with the authorities of Belarus, making from this question one of its priorities. It is important that it was Warsaw that was the main author and initiator of the program "Eastern Partnership", partly aimed at the Belarusian side. Therefore Poland also, despite other conflicts round the Union of Poles in Belarus headed by Andrieliha Borys and the absence of democratic changes, accepted the EU offer to invite Alexander Lukashenko to the May summit in Prague which opened the "Eastern partnership". Earlier the Polish authorities had also supported the decision to continue the moratorium on visa sanctions against the representatives of the regime.

Just as in 2008, the policy of dialogue and openness met with sharp criticism of the Belarusian opposition. In March during their visit to the European Parliament Alexander Kazulin and Anatoly Lyabedzka accused Poland of cynical trade of values for local interests. Despite this criticism Warsaw continued operating for the benefit of mutual understanding with the official Minsk, and at the same time continued supporting the democratic forces and financing such projects as TV *BELSAT*. The Polish MEPs often raised the question of violation of civil rights and simultaneously called for a greater openness of Belarusian society, by the way, by reducing prices for Schengen visas. In its turn Polish diplomats consistently asked the attention of other EU-member for the

problems in Belarus. Thereby Poland more and more acquired the role of the main advocate of "the Belarusian cause in the EU".

The official Minsk had a very positive attitude towards the "Eastern Partnership", which presented the first chance to participate in the EU program after a long isolation. Therefore the Belarusian government was the first (from 6 states participating in this program) who stated their expectations. Among the offered projects two were connected with Poland, namely the construction of electrical power bridge *Ros-Narew* (due to which it is possible to export energy from the new power station planned near Hrodna), and also the construction of gas pipeline Yamal-2 which was at once estimated as unrealistic and unwise.

But the first project was supported and received backing for financing from the European Investment Bank. At the same time it should also be said that the Belarusian side consistently avoided the issues of human rights and democratization, thereby limiting its participation in the Partnership to convenient issues, such as power, transport, industrial infrastructure and logistics. This was proved by the fiasco of the Polish initiative to include Belarus into the cooperation program among the representatives of civil rights. The Belarusian side even deviated from fulfilling the entrance condition.

Multilateral cooperation was also important, so Poland and Belarus joined the project of Ukrainian president Victor Yushchenko to create a trilateral formula of cooperation that from the first month of the meeting on June 23 was named the "Kiev initiative". However it was possible to organize only one more meeting before the end of the year, which failed to offer any certain solutions. Lithuania was more successful in this field. At the summit of the Eastern Partnership on December 8 it submitted together with Ukraine and Belarus a package of joint projects which concerned the development and modernization of border infrastructure.

Conflict areas

Despite the expressive revival in economic contacts and political relations, still it was not possible to solve a number of long-standing contradictions, such as, for example, legalization of activity of the Union of Poles in Belarus headed by Andĭelika Borys. This situation

supported the division performed in 2005 which divided the Union into one that is supervised by the authorities, and the other, independent, supported by Warsaw, the members of which were exposed to repression, such as penalties or arrests. Vandalism and provocation against some activists and their property were committed. They were not repression on national grounds but rather actions against one of the most independent Belarusian public organizations. However the greatest tension was caused by the attempts made by regime to confiscate Polish houses remaining under the control of the UPB headed by Andrieliuka Borys.

In 2009 the activities of the authorities concentrated on Ivyanets which is in the Minsk region where the pressure was brought upon the local chairperson of the independent union Teresa Sobal by different means. Thanks to the efforts of Polish diplomats and European MEPs the problem of the Polish minority in Belarus was constantly escalated to the EU level. However Minsk was not interested in compromise and rejected the offer to begin negotiations with Andrieliuka Borys, at the same time accusing Warsaw of interfering into the internal affairs of Belarus.

At the same time as during the previous years there were regular aggressive publications in the official mass media where it was stated that Poland by means of UPB headed by Andrieliuka Borys was going to tear off Hrodna region from Belarus. The businessman Stanisław Siemaszko, the new chairman of the pro-regime Union elected in September, who by the way does not speak the Polish language, expressed the same opinion. Besides, the annoyance of Minsk was caused by such questions as the issuing of so-called Polish Cards to Belarusian citizens of Polish background and the activity of TV channel Belsat which broadcasts from Poland. In its turn the Polish side steadily criticized the absence of civil liberties in Belarus.

Conclusion

The opening in political relations in autumn 2008 created new possibilities of cooperation between Poland and Belarus. An undisputed achievement in the sphere of economic cooperation between Minsk and Warsaw in 2009 was raising the level of contacts and the expansion of the questions discussed to an unprecedented level. Although this development failed to translate

into concrete results on problematic issues, it cannot be excluded that with time, benefits will accrue from further engagement, for example via increased investment of Polish capital in Belarus.

At the same time being occupied with "the Belarusian question", Poland became one of the main initiators of EU policy with respect to Belarus. With that, Polish diplomacy assumed at least part of the responsibility of the project of democratization through a policy of openness and dialogue. However, the conflict around the UPB shows what a difficult partner Alexander Lukashenko is and how illusive the expectations about modernization of this system can be. Therefore it also seems that 2010 will be a serious test for the efficiency and durability of dialogue with the official Minsk, lobbied by the Polish side.

BELARUS – UKRAINE: ON THE WAY TO STRATEGIC COOPERATION?

Gennadi Maksak

Summary

Politically, Belarus and Ukraine achieved a major breakthrough in 2009. The two countries reached an agreement in principle to finally resolve the long-standing problem of ratification of the accord on the Ukrainian-Belarusian border by the Belarusian side and address the amount and status of Ukrainian debt – the issue that Belarus links to the state border agreement. The Belarusian-Ukrainian dialogue continued amid certain liberalization of Belarusian-EU relations (which started in late 2008) on the one hand and strained relations between Minsk and Moscow on the other. At the top level, Belarus and Ukraine gained understanding with a view to resolving certain issues and developed a concerted vision on the strategic lines of the dialogue. In bilateral cooperation, emphasis was traditionally placed on strengthening trade cooperation, which appeared to be a sensible decision in conditions of the continuing economic lag of the region. Amid the general approximation of Ukrainian and Belarusian positions towards the European vector, considerable progress was reached in cross-border cooperation and contacts at the level of civil society and expert communities.

Tendencies:

- a sharp improvement in communication at the level of the presidents, governments and foreign ministries led to an expansion of the regulatory framework of bilateral cooperation;
- Belarusian-Ukrainian trade turnover dropped as a result of the economic downturn;
- the pace of political contacts and agendas for Belarusian-Ukrainian meetings was traditionally defined by the relations between Minsk and Moscow, as well as the presidential campaign in Ukraine;
- the Eastern Partnership Initiative gave an impetus to the cooperation between Belarus and Ukraine in outlining the strategic areas of regional cooperation in transport and energy.

Political thaw in Minsk-Kiev relations

As was predicted in 2008, the new positive trends in Belarusian-EU relations resulted in changes in official Kiev's strategy for pursuing political dialogue with Minsk.

Based on European standards and commitments Belarus assumed previously, the results of the 2008 parliamentary elections in Belarus did not allow European institutions to report major positive shifts in the internal political situation, however, the elections did not provoke a new round of tensions. The willingness of the Belarusian administration to rectify its errors and inefficiency of isolationism allowed the EU to exercise good will toward Belarus and temporarily lift sanctions against Belarusian state officials and enterprises.

In Kiev, this signal was interpreted as the "green light" to facilitate the approximation between Belarus and EU. In October 2008, Minsk hosted consultations of representatives of the two foreign ministries, which addressed the potential of joint projects with the European Union. The preparatory work conducted by the foreign ministries in early 2009 helped reconstruct the direct communication channel at the top level.

During their bilateral meeting on January 20, 2009, the presidents of Ukraine and Belarus signed a few landmark documents creating additional regulatory prerequisites for intensification of the bilateral dialogue in the political and economic spheres, including:

- a memorandum of cooperation in the energy sector;
- a consular convention between Belarus and Ukraine;
- a memorandum between the governments and national banks of Belarus and Ukraine aimed at elaborating a system of measures to intensify bilateral trade and economic cooperation in conditions of the global financial and economic crisis;
- an intergovernmental agreement on simplified passage of the Belarusian section of Slavutich-Chernobyl motorway by personnel, vehicles and freight of the Chernobyl nuclear power plant operating in the restricted zone, and foreign specialists involved in international projects contributing to shutting down the Chernobyl plant, and a protocol to the agreement.

During that meeting in Ukraine, Lukashenko publically confirmed the role of Kiev as an intermediary between EU and Belarus and the determination to implement joint energy projects. As a result, both sides managed to form platforms necessary to reach foreign political objectives. Amid the energy conflict with Russia, it was crucial for Kiev to show Moscow that it has allies in the matter of diversification of energy imports. For Minsk, the

meeting became a good chance to demonstrate Moscow the entire range of political fluctuations in the context of energy relations and display its interest in developing cooperation in the European direction.

The European platform underlay the agenda for the meeting between Presidents Lukashenko and Yushchenko in Gomel on May 6, 2009. Besides discussing joint projects and addressing pressing issues, the presidents discussed Ukraine's possible support for promotion of closer contacts between Minsk and Brussels, especially in the format of Belarus' full participation in the Eastern Partnership Initiative. Symbolically, the meeting took place on the eve of the Eastern Partnership inaugural summit that took place in Prague on May 7.

The meeting between the Belarusian and Ukrainian presidents during a summit of the CIS heads of state in Kishinev on October 9 was another proof that a new format of bilateral relations had been developed. The attempt to work out a concerted Belarusian-Ukrainian policy on Russia indicated that the Belarusian side was ready for deepening its relations with Ukraine in some very important areas. Lukashenko's official visit to Ukraine on November 4–6 proved quite prolific, as the heads of state signed:

- an agreement between the Cabinet of Ministers of Ukraine and the government of Belarus on holdings fairs to trade domestically-made commodities in cross-border regions;
- a memorandum between the two foreign ministries on cooperation in the implementation of mutually beneficial projects in the framework of the Eastern Partnership Initiative;
- a protocol on exchange of the instruments of ratification of the Consular Convention between Ukraine and Belarus.

During the visit, Lukashenko and Yushchenko reached an agreement on the ratification of the treaty on the demarcation of the Ukrainian-Belarusian state border, which will enable the two countries to resolve their dispute over Ukraine's debt by setting preferential prices for Ukrainian exports of electricity to Belarus.

At the level of the governments, the dialogue was held both by the premiers and within the framework of the interdepartmental Ukrainian-Belarusian mixed commission for trade and economic cooperation. Despite early 2009 agreements, Prime Minister Yulia Tymoshenko did not pay a visit to Belarus. Her Belarusian counterpart Sergei Sidorsky visited Kiev on June 12. While in Kiev,

the governmental delegation of Belarus managed to reach an agreement on resumption of exports of Ukrainian electrical power to Belarus.

Finally, 2009 saw a more active dialogue at the parliamentary level. In March, the National Assembly of Belarus and the Supreme Rada of Ukraine held a session of the Interparliamentary Commission. Ukrainian speaker Vladimir Litvin paid an official visit to Minsk on June 30 — he met with President Lukashenko and Speaker of the Council of the Republic of the National Assembly Boris Batura.

The busy schedule of visits and meetings at all levels may also be explained by the fact that President Viktor Yushchenko, Prime Minister Yulia Timoshenko and Speaker of the Supreme Rada Litvin all ran for the Ukrainian presidency in late 2009-early 2010.

The two foreign ministries also showed a significant increase in the efficiency of bilateral cooperation. *First*, Petr Poroshenko was appointed Ukrainian foreign minister after a lengthy confrontation (the ministerial position had remained vacant for quite long); *second*, back in early 2009, Ukraine claimed that the resolution of the border issue with Belarus was among the key priorities of Ukrainian foreign political efforts in 2009; and *third*, the EU's Eastern Partnership Initiative called for deeper systemic consultations at the level of the foreign ministries.

In October, newly appointed Ukrainian Foreign Minister Poroshenko paid a working visit to Belarus, and on November 22, Kiev hosted a tripartite meeting of Poroshenko, Belarusian Foreign Minister Sergei Martynov and Lithuanian Foreign Minister Vygaudas Usackas. The foreign ministers addressed trilateral projects in the scope of the Eastern Partnership, especially the use of the Belarusian transit potential in supplies of Ukrainian power to Lithuania and cooperation in the implementation of the Viking container train project and development of transport infrastructure, including the construction of Minsk-Kiev highway.

An important decision in the context of the Eastern Partnership was made by the national security councils of Ukraine, Belarus and Poland regarding the creation of the *Kiev Initiative*, which envisages deeper cooperation in the framework of the Eastern Partnership.

On the whole, irrespective of the real motives of the political agents involved in the development of bilateral relations, the new

format of political cooperation resulted in a major expansion of the regulatory framework. As of late December 2009, there were over 180 bilateral agreements between Belarus and Ukraine, including nine interstate ones, one antiparliamentary accord, and 82 intergovernmental agreements (the rest of them are interdepartmental deals). More than half of all bilateral documents regulate trade and economic relations, which attests to the importance of the commercial component of engagement.

Economic cooperation between Belarus and Ukraine

Ukraine is a leading trade partner of Belarus. In 2009, it ranked second in the CIS and fourth globally by the overall volume of trade with Belarus. Among Ukraine's foreign trade partners, Belarus was number seven. Trade turnover between Belarus and Ukraine totaled U.S. \$2.98 billion in 2009. Belarus exported U.S. \$1.69 billion worth of commodities and services to Ukraine, whereas imports were at U.S. \$1.29 billion, hence a surplus of about U.S. \$400 million for Belarus.

Trade between Belarus and Ukraine, in millions of U.S. dollars

| Year | Trade turnover | Exports | Imports | Surplus/Deficit |
|------|----------------|---------|---------|-----------------|
| 2007 | 3004.1 | 1469.8 | 1534.3 | −64.5 |
| 2008 | 4893.0 | 2777.9 | 2115.1 | 662.8 |
| 2009 | 2982.5 | 1693.1 | 1289.4 | 403.7 |

Source: the Belarusian Embassy in Ukraine

Traditional Belarusian exports to Ukraine included mechanical engineering products, agricultural equipment, oil products, foodstuffs and chemicals. Key imports from Ukraine are metal products, electric power, pharmaceuticals, sunflower oil, confectionery products, and construction materials.

Mutual investments were traditionally insignificant: Ukraine invested around U.S. \$2 million in the Belarusian economy in 2009. Belarus kept focusing on developing its commodity distribution networks in Ukraine – there were over 150 networks of this kind in 2009, performing both dealer and distributor functions.

The list of large Ukrainian productions represented in Belarus includes Neftegaz Ukrainy, Leninskaya Kuznya, Poltava turbo-mechanical plant, Interpipe Corporation, and Donetsk metal plant. Last year, Ukraine registered the following Belarusian-Ukrainian joint ventures: TOO Belresursy Ukraina, based in Kiev, Vollun, in Volyn Region, OOO Belarusian-Ukrainian company (Zhitomir Region), OOO Belprodobespechenie (Zhitomir).

The interdepartmental Ukrainian-Belarusian mixed commission for trade and economic cooperation contributed a lot to the efficiency of bilateral trade. In 2009, there were two sessions (the 16th session took place in Kiev, and the 17th session was held in Minsk), addressing ways to expand bilateral cooperation, including in the context of the Eastern Partnership Initiative, especially in the development of the 9th transport corridor and diversification of energy projects.

In June, Ukraine resumed electrical power exports to Belarus — supplies reached 700 million kilowatt-hours (kWh) in 2009, and an increase to 5 billion kWh for the year 2010 was discussed. The possibility was confirmed in November during a top-level meeting, where an agreement was reached on preferential electricity prices as a repayment of the Ukrainian debt to Belarus.

At the same time, Belarus and Ukraine failed to reach an agreement on transit of Ukrainian power to the Baltic States through Belarus. One problem besides objective technical difficulties is that the Belarusian side does not want to transit Ukrainian power to Lithuania, but resell it.

Belarusian-Ukrainian dialogue beyond official agenda

In 2009, the Ukrainian-Belarusian relations at the level of civil society organizations, expert institutions and cross-border communities were developing both on the basis of traditional approaches and new preconditions resulting from changes in the political situation in Ukraine, Belarus and the entire CEE region.

Ukraine remained a favorable venue for Belarusian communities to hold their events in the framework of international organizations. Although such meetings were not as intense in 2009 as in previous years because of the liberalization of the internal

political situation in Belarus, Ukraine hosted training sessions and seminars for Belarusian human rights activist, journalists and representatives of Belarusian democratic forces in the framework of European Commission projects, PACT (USA) and East European Democratic Center (Poland).

Scientific and expert cooperation between Belarus and Ukraine intensified in 2009, compared to 2008. Warmer relations between Belarus and Brussels and inclusion of Ukraine and Belarus in the Eastern Partnership acted as catalysts.

At the community and expert levels, the engagement between the two countries was developing along two lines. *First*, Ukrainian and Belarusian NGOs focused on working out specific proposals to flesh out the Civil Society Forum as a mechanism of communication between civil society institutions and the authorities. *Second*, representatives of the expert communities of Belarus and Ukraine joined the work to design the concept of sectoral cooperation for specific Eastern Partnership platforms and initiatives. On October 29, 2009, Minsk hosted the first session of the Energy Club under the auspices of international organizations. Attending were experts from Belarus, Ukraine and Russia, who addressed regional cooperation in energy security.

Belarusian-Ukrainian cross-border cooperation was also more intense than before in 2009, mostly because of the general revival of the Belarusian-Ukrainian dialogue at the interstate level. It should be noted, though, that this cooperation segment depends entirely on the initiative of the authorities, not personal contacts. In 2009, there were a few events at the level of NGOs, regional and local authorities, and scheduled events in the framework of Bug and Dnieper Euroregions.

However, some serious regulatory and institutional problems prevented what could have turned into a breakthrough at the cross-border level. *First*, the subcommission for cross-border cooperation did not have its first session in 2009; *second*, Belarus has no law on cross-border cooperation to introduce the legal framework for Euroregions or stipulate the powers of local authorities in interregional cross-border collaboration with neighboring countries.

Cultural cooperation showed positive trends in 2009: Kiev hosted a festival of contemporary uncensored Belarusian culture

"Belarusian Spring 2009" from May 3 through May 18. That was the third season of the festival in Kiev. "Belarusian Spring 2009" in Kiev and other regional centers of Ukraine presented concerts, poetry slams, literary soirees, film and photographic exhibitions. The festival had been initiated by "Initiative *Solidarnost*", the community of Ukrainian Belarusians.

In August, Ukraine hosted the third international rock festival "Be Free". The organizers of the festival — Belarusian musical alternative, Studformat initiative, European Radio of Belarus — said the event was aimed at promoting Belarusian-Ukrainian contacts.

The decision to create a department of the Belarusian language in a Ukrainian university made by the two presidents during Lukashenko's visit to Kiev may give an additional incentive to the development of the cultural and educational dialogue.

Conclusion

The year 2009 marked a transition in Ukrainian-Belarusian relations. The transformation of the political dialogue proves conclusively that the Belarusian and Ukrainian sides are willing to step aside from the dominating orientation to external factors when determining bilateral cooperation priorities. At the same time, neither Kiev nor Minsk is capable of ignoring external influences.

Ukraine and Belarus managed to arrange a top-level meeting in 2009, thus breaking the "tradition" of postponing summit meetings maintained since 2005. The compromise solutions and agreements reached during the *four* meetings of the presidents of Belarus and Ukraine attest to the willingness of both sides to develop strategic areas for cooperation.

The recession that the two economies reported in 2009 did not allow the trade partners to reach the 2008 level in trade turnover, however, the additional measures taken to increase economic cooperation amid the downturn were efficient enough to achieve the level of 2007. The Interstate program for long-term economic cooperation between Ukraine and Belarus for 1999 — 2008 expired in 2008, and so did the agreement on economic cooperation for 1999 — 2008, but new documents were not developed in 2009.

The EU's Eastern Partnership Initiative became one more incentive to a more active cooperation in the development of approaches toward the implementation of joint energy and transport projects. Cooperation between Belarus and Ukraine was developing both at the state level and in the context of communities and experts.

This article uses materials of news media of Belarus and Ukraine, Foreign Ministry of Ukraine, Foreign Ministry of Belarus, diplomatic missions.

BELARUS – USA: WHO SHOULD TAKE THE FIRST STEP?

Andrei Fyodorov

Summary

Some tendencies that became apparent in Belarusian domestic policy on the eve of 2009 gave certain hope for a possible easing of the long-term confrontation with the West. At the beginning of 2009 this hope was supported by the assistance rendered by the USA in allocating IMF credits to Belarus.

In other respects the Belarusian-American relations saw no changes. The existing stalemate was not resolved, even after the unprecedented visit of the USA Congress delegation to Minsk, the only real consequence of which was the pardon for U.S. citizen Emanuel Zeltser.

Tendencies:

- the USA softened its economic pressure on Belarus, having frozen its sanctions against Belarusian enterprises, and began to provide limited financial support via international financial institutions;
- the level of political contacts but not the level of political mutual understanding has increased;
- diplomatic interaction remained minimal.

Futile distance polemics

The year 2009 began with enthusiasm about Belarusian-American relations, based on steps of the Belarusian government towards easing the internal political situation in autumn 2008. Although in November the U.S. Charge d'Affaires a.i. in Belarus Jonathan Moore had expressed the belief that the election of Barack Obama as the president of the country would not affect mutual relations, the Belarusian authorities were looking forward to the accession of the new American administration to power, obviously expecting to improve its position vis-a-vis the Americans.

The first events appeared to be truly encouraging: the International Monetary Fund allocated to Belarus a credit of \$ 2.5 billion, which could not have happened without the support of Washington. On January 13, the U.S. embassy made a statement on the matter in which the steps undertaken by the Belarusian

authorities for overcoming an economic crisis were evaluated as positive. At the same time it was noted in the statement that additional measures on a structural economic reform should follow — further price liberalization, transparent privatization of state enterprises, legislative reform and reform of regulative mechanisms promoting the development of a prosperous private sector.

The next burst of enthusiasm in Minsk was caused by the appointment of Hillary Clinton as the U.S. Secretary of State. Commenting on this event, Andrey Popov, press-secretary of the Ministry of Foreign Affairs of Belarus, informed journalists that Belarus is ready to engage in a dialogue with the United States based on mutual respect of interests. At the same time he affirmed the consistency of the Belarusian position concerning the need for Washington to cancel "discriminatory decisions of an economic character" established by the previous administration. Soon after the head of the Belarusian Ministry of Foreign Affairs expressed his opinion on the matter. Sergey Martynov declared that Minsk expects from Washington that it cooperates in revising mutual relations and, on behalf of the country's highest authority, expressed the readiness to work for their improvement.

The Secretary of State didn't respond to these calls but the new Director of National Intelligence Dennis Blair did remember about Belarus. On February 12, speaking at a hearing in Congress he expressed his opinion that Minsk could make steps for improving relations with the West. According to him "the Lukashenko regime appears willing to cooperate with Russian efforts to counter U.S. missile defense plans with Prague and Warsaw. However, Russia's continuing efforts to control key Belarusian economic sectors could prompt Minsk to improve ties with the West to balance Moscow". At the same time Blair warned that the government in Belarus "maintains an authoritarian grip on power and could return to repressive measures if public discontent over the worsening economy turns to protest again".

A week later the U.S. Charge d'Affaires a.i. in Belarus Jonathan Moore gave an interview where he outlined the American vision of the state and prospects of mutual relations. According to him the signing by Russia and Belarus of the agreement on a fully integrated Commonwealth of Independent

States air warning system, which took place on February 3, did not cause serious concern in the United States. However, the recognition of Abkhaz and South Ossetian independence by Belarus would be a very negative moment. The diplomat also noticed that the situation in Belarus hasn't changed over the last six months: "Fundamental questions which cause our concern remained the same. If the Belarusian authorities took more active positive steps, the reaction of the U.S. administration would be far more positive".

Nevertheless, at the end of February the Treasury Department of the USA prolonged the decision on lessening of sanctions concerning enterprises "Lakokraska" (Lida city) and "Polotsk-Steklovolokno" till June 1. It found a positive response from the official Minsk. The first deputy minister of Foreign Affairs Igor Petrishenko declared: "In case of cancellation of sanctions we will be ready to sit down at the negotiating table with the American partners to discuss the whole range of bilateral relations and to solve accumulated problems. ... The way to normalization of the Belarusian-American interaction runs through a change in approach of Washington to our country — the refusal of political ultimatums and transfer of bilateral relations to constructive dialogue and mutually advantageous cooperation".

At the end of the month the spokesman for the U.S. State Department Robert Wood continued the discussion. Answering the question whether the USA are going to take similar steps as the European Union in normalizing relations with Belarus, he rejected the possibility of policy change, having underlined that "Washington made very clear what our position is with regard to what Belarus needs to do to improve relations with the United States". In response Andrey Popov made a statement about his readiness to agree with the American colleague provided that in his statement the word "Belarus" would be followed by "and the United States": "Such change would be a display of great flexibility of the Belarusian side because all know that it is not Belarus that created today's state of affairs in Belarusian-American relations".

The situation was aggravated by the report of the State Department on human rights in the world published at the beginning of March in which the situation in Belarus was defined

as "very bad", despite the fact that some positive elements were nevertheless pointed out. On March 31, A. Lukashenko as if in response accused Americans in provoking the global economic crisis. On April 23, addressing the National Assembly he was better disposed and called for a normalization of Belarusian-American relations.

However, in two weeks, speaking about a possible return of the American ambassador to Belarus the Belarusian leader stressed: "What for do we need here the U.S. ambassador and the embassy of the USA if he comes back only to continue the sanctions against Belarus? If Americans really want to cooperate and consider us partners in such a degree that there should be the embassy and the ambassador here we are always for it". At the same time he expressed the hope that with the new American president there would be progress in relations between the two countries, although he admitted that Barack Obama would have to break with Bush's policies and the tendencies natural to a country like the USA.

To sum up, in the first six months both sides made their positions clear: both considered that the first step should be taken by the other. As a result the situation practically came into a standstill if not to take into consideration that in May the suspension of certain economic sanctions was prolonged once more for half a year and Jonathan Moore noted that the embassy received greater access to Belarusian officials.

Who moves first?

Such a state of affairs seemed to persist as no prerequisites for change were observed. However on June 30 the nearly impossible happened: the representative delegation of the U.S. Congress headed by Senator Benjamin Cardin, the co-chair of the Commission on Security and Cooperation in Europe, arrived on a one-day visit to Minsk on their way to the session of the Parliamentary Assembly of the OSCE. Among the delegates was Congressman Christopher Smith, well-known in Belarus for being one of the main critics of the Belarusian regime in the American legislature, and one of the main authors and lobbyists of the Belarus democracy Act. If we consider that only a couple of years ago the Belarusian authorities refused to issue a visa for senator John

McCain because of even "lesser wrongdoings", then this shift looked surprisingly progressive.

The American legislators visited Kurapaty and a memorial of the Minsk ghetto, met with representatives of the opposition and civil society. According to the latter, the congressmen welcomed their proposal to give credits and investments only in exchange for internal political dialogue and free elections, under condition of observance of the moratorium on political prosecution and absence of political prisoners.

But, certainly, the focus of attention was the negotiations of the visitors with Alexander Lukashenko. Having reminded his audience of the changes in the policy of the European Union concerning Belarus, he encouraged the Americans "to take off their dark glasses" to look at Belarus "in an unbiased way" and "to leave old schemes and stereotypes". The main points of his statements were the following:

- in America they do not know the real situation in Belarus;
- Belarus can not permit ambassadors of foreign states, including the USA, to support oppositional actions as it was done by ambassador Stewart and her colleagues;
- Belarus and the USA have considerable potential for mutual efforts in trade and economic and investment spheres;
- Belarus and the USA are united by the general interests in the context of global security;
- Belarus is ready to resume the conversation on restoration of valid mutual diplomatic presence under condition of cancellation of the sanctions against our country and their legal basis — the Democracy Act at the legislative level.

The contents of the guests' statements were derived from Cardin's brief press conference and from the interviews given by the delegation members. According to them the main point was the necessity of observance of human rights in Belarus, continuation of democratic transformations, the reform of election legislation, safeguarding of freedom of mass-media, opinion, assembly, association, and protection of the rights of religious and national minorities were mentioned as top priority tasks. Also the belief was expressed that U.S. concern can not be considered as an intervention into internal affairs of Belarus because according to the Helsinki Accords each member country of the OSCE should point out the breach of obligations by another country.

The head of the Helsinki commission also touched upon the economic aspect, having declared that by moving towards reforms, Minsk would only benefit from this cooperation. Congress can support such transformation but they should begin at some point. Until then, the basis for increasing trade and credits will be too narrow.

The final point of view of the American congressmen can be summed up by the often repeated phrase: "Now the ball is on the Belarusian side". Thus the conclusion can be drawn that the conversation was tense. Actually it is difficult to imagine that it could be any other way: the two sides have too different views on the internal political situation in Belarus. However they managed to solve one particular problem. When the congressmen expressed their concern about Emanuel Zeltser's state of health, the U.S. citizen serving a prison sentence in Belarus on criminal charges, A. Lukashenko promised to sign the decree about his pardon, which he did the same day.

Diplomacy Without Change

A week after the visit the post of the U.S. Charge d'Affaires a.i. in Belarus taken by Jonathan Moore was given to another career diplomat — Michael Scanlan. According to the new head of the mission he would try to clarify the embassy's status about the number of American diplomats who can work here. Representatives of the Belarusian authorities answered that in the foreseeable future expansion of present personnel is impossible.

Within a year the building of the American embassy was practically empty: only five diplomats, including the Charge d'Affaires a.i. have the right to stay in Minsk. The American side has always negotiated the question on possible management of the diplomatic conflict. At some times it was allowed to temporarily increase the number of diplomats, without ever receiving permission to do so on a constant basis.

As a result educational exchanges, contacts in the military sphere, cooperation in the fight against international crime, development of commercial ties suffered. All these activities require a certain number of employees. One more essential problem is the impossibility to render valid consular services. This

creates big inconveniences for Belarusian citizens who have to go to Kiev or Moscow in order to get visa.

Besides the shortage of personnel, other difficulties occur from time to time. After a Belarusian girl didn't return in time from her trip under the program of improvement of children's health in the USA in 2008, the program was closed until the corresponding agreement was signed. As a result only 15 children who needed treatment could fly to America last year and it was done only as an exception while the year before there had been a thousand and a half of them.

From their side, as J. Moore said, the United States had never limited the number of Belarusian diplomats and if the local authorities intended to send fifty or even one hundred diplomats, visas would have been issued within a week. So far in the leading state of the world with a population of over 300 million, the interests of Belarus are represented by only four employees of the diplomatic mission in Washington and the consul in New York. It can be said that during the previous year nothing has changed in this respect and diplomatic relations have remained in a semi frozen condition.

Preservation of the Status Quo

Possibly, clarification of the positions at the above mentioned negotiations with the congressmen led to a reduction of the amount and diversity of verbal activity from both sides in the second half of the year. A. Lukashenko made some statements on the subject, which, however, didn't contain anything new.

The visit of Phillip Gordon, the Assistant Secretary on European and Eurasian Affairs, to Minsk, in August also deserves attention. First of all because he is the most high-ranking representative of the State Department who visited Belarus during the last ten years and, secondly, as the contact at such level was the only one, Mr. Gordon met representatives of civil society and opposition, the head of the Presidential administration Vladimir Makey and Sergey Martynov. Judging by the fact that official sources confined themselves to the standard type of information concerning the meetings, like: "The questions of the development of the bilateral relations, including the use of available possibilities for expansion of trade and economic cooperation and interaction in the field of

the international security were discussed", it is obvious that no breakthrough was achieved.

The representatives of democratic forces were interested to know whether the continuity and sequence of the American policy concerning Belarus would remain and whether the dialogue with official Minsk would be conducted based on democratic values. Gordon confirmed that the priority criteria for the United States are human rights and democracy. America still maintains that Belarus should release all political prisoners, give more freedom to non-governmental organizations and the media, and also to hold free and transparent elections. He repeated that sanctions concerning Belarus are the result of infringement of human rights by the authorities and that is why they will be cancelled only when the country follows a democratic way.

As a result, the only real achievement of the year was Zeltser's release. By the way, it is possible that in this case the Belarusian authorities tried to act out with America the same scenario which a year before had been rather effectively applied to Europe. However Washington, to all appearances, considered the fact that it does not interfere with regular transfers of IMF credits to Belarus to be a sufficient compensation. In this respect it is possible to agree with Michael Scanlan according to whom: "Unfortunately, it is possible to name 2009 at best the year of preservation of status quo".

Most likely, the unwillingness of the Belarusian power-holding structures to make concessions is explained by the fears that even insignificant democratic transformations can cause radical changes in public consciousness. It is only the fear of a direct external threat that probably can overcome this, which was clearly demonstrated in August 2008. Apparently the recurrent and sometimes quite dramatic rows with Moscow that took place during the year did not become a factor for change.

As to the USA it is most likely that the new administration does not have any particular reasons for changing its policy towards Belarus. Given the necessity of solving the problems connected with the economic crisis and also other serious internal problems it is not a surprise that Belarus received only marginal attention of U.S. policymakers.

All these considerations justify the conclusion that in the near future it is hardly possible to expect the positions of Minsk and

Washington to converge and, accordingly, improvement of Belarusian-American relations. In this situation the only (though weak) encouraging fact is that contacts at a quite high level nevertheless occur from time to time.

The article uses materials of BelTa, BelaPAN and Interfax news agencies.

FROM KARAKAS TO TEHRAN: BELARUSIAN DIPLOMACY IN ASIA, AFRICA, LATIN AMERICA AND AFRICA

Sergei Bogdan

Summary

In 2009 Belarusian policy in developing countries of Asia, Africa and Latin America remained oriented to definite countries: China, Venezuela, and Iran. Belarusian leaders repeatedly stated that foreign trade is very important, but serious fluctuations of commodity circulation testify that a systematic approach has not been fully applied.

The geography of Belarusian missions abroad and contacts of officials show that economic reasons are not the only guidelines for the Belarusian government in its foreign policy. At the same time it is still unclear whether official information on cooperation with a number of countries is complete.

Tendencies:

- the discrepancy between economic pragmatism and political contacts, between the stated political course and actual cooperation marked foreign policy;
- Iran and Venezuela remained strategic partners in the so-called Third World;
- closer relations with India, Pakistan and Saudi Arabia made policy towards developing countries more systematic.

Speaking of the "third" vector of Belarusian foreign policy (the first two are Russia plus the CIS countries and the West) we will consider relations with developing countries of Asia, Latin America and Africa, leaving out those which geographically belong to these areas but are not "developing" any more (Japan, the Republic of Korea, Israel, South Africa). It should be noted that Belarusian officials often regard foreign relations only in "the near and far abroad" categories, without further subdivision of "the far abroad" into smaller parts¹.

This direction of foreign relations (countries of Asia, Africa and Latin America) is assigned a lot of attention in political rhetoric of

¹ See examples on the Foreign Ministry websites: "Foreign trade. Commodity and services trade in 2009": <http://www.mfa.gov.by/ru/economic/>, and the National Statistical Committee "Foreign trade. Main results of foreign trade": <http://belstat.gov.by/homep/ru/indicators/fttrade1.php>.

Belarusian leaders, though many aspects of cooperation remain controversial from the point of view of the good of the country. That is why they look more like voluntary directives than elements of a calculated strategy. It is clear that relations with some countries are marked by definite political accents, but we do not dispose of serious research findings and information is limited, so we should be very careful when we define political and ideological closeness (for example, in relation to anti-Americanism) as a ground for relations of the official Minsk with this or that country.

But we need to mention the personal factor: the Belarusian president, his likes and dislikes, play an important role in a number of international contacts (in Belarus, like in many other post-Soviet countries, non-official politics and non-official mechanisms tend to be more significant than the official ones). Belarusian authorities established the most active contacts with "charismatic" leaders of Iran and Venezuela, who are quite liked by the Belarusian president.

In 2009 the most intensive relations were those with China, Venezuela, and Iran. It should be noted that these countries also have close relations with each other, but we cannot speak of a kind of bloc in the world arena.

Relations with the Far East countries

In late March – early April the head of the Presidential Administration V. Makey visited China for negotiations with PRC officials. He also discussed the problems of the largest project in the history of Belarus-China relations with the *CITIC International* company: construction of 3 cement works in Belarus. During realization of the project, Belarus blundered on difficulties caused by additional clauses put forward by the Chinese side.² In April Minister of Defense L. Maltsev visited the PRC to meet the Vice Chairman of the Central Military Commission (the CMC) General Guo Boxiong and a CMC member, Minister of National Defense of the PRC General Liang Guanglie. On April 10, 2009 the Consulate General of the Republic of Belarus was opened in

² See: Head of the Presidential Administration visit to the PRC: http://www.china.belembassy.org/rus/news/~page__m12=4-news__m12=17784.

Shanghai. In late August Vice Premier of the State Council of the PRC, member of the Politburo of the Communist Party of China Hui Liangyu, visited Belarus.

It was very important for Belarus that the country concluded an agreement with China on national currencies exchange (the so-called "swap" transaction), which is aimed at developing investment cooperation and increasing bilateral commodity circulation. As a result of the 3 years' agreement Belarus received CNY 20 billion (appr. USD 3 billion), and China received BYR 8 trillion (USD 2.7 billion). Similar agreements were concluded by the PRC with South Korea, Malaysia, Indonesia, and Argentina.

Belarus is cooperating with China in modernization projects of cement and energy industries. Two joint companies: one assembling electric house appliances "Horizont-Midea" and another assembling industrial wheel tractors "Sanjiang-Volat" have been established. Projects of establishing joint ventures assembling pit-run dumpers BelAZ, Belarus tractors and Gomselmash combines are being realized.

For the last years mutual trade turnover was growing rapidly; it doubled in 2006–2008, exceeding USD 2 billion. In 2009 trade with China made up 2.5% of Belarus' overall foreign trade turnover (7th place among foreign trade partners), but export reached only 28.4% (USD 173.9 million), and import only 76.4% (USD 1,081.4 million) of the 2008 level.

In 2009 contacts with Vietnam remained minimal despite active mutual trade with a surplus for Belarus. In April Deputy Minister of Foreign Affairs of Belarus Sergei Aleynik visited Vietnam and took part in Belarusian-Vietnamese inter-MFA consultations on bilateral cooperation. In late April President of the National Assembly of Vietnam visited Belarus.

Other Asian countries

In 2009 more active relations with India, Pakistan, and, to less extent, Indonesia was branded as a success of Belarusian diplomacy.

In February Deputy Minister of Foreign Affairs of Pakistan Akbar Zeb visited Belarus. Although the official Minsk shows preferences rather to India than Pakistan and political contacts between Belarus and Pakistan are minimal, mutual trade makes up tens of millions of US dollars with a significant surplus for Belarus³. In September

Belarus welcomed Indian External Affairs Minister Somanahalli Krishna. In 2009 India came 10th among Belarusian foreign trade partners (1.2% of Belarus' overall foreign trade turnover). Belarusian export to India totaled 155.5% of 2008 level (USD 487.8 million), import dropped and totaled 99.3% (USD 115.9 million).

Belarus had minimal relations with such a large South Asian country as Indonesia. The 2nd intergovernmental meeting of the Belarusian-Indonesian Joint Commission on trade, economic, scientific and technical cooperation with Deputy Foreign Minister of Belarus Aleynik in November 2009 can be regarded only as an attempt to create a basis of cooperation.

Middle East

Iran

Relations between the countries were marked by active contacts on a high level. On February 2009 Iranian Minister of Commerce Massoud Mir Kazemi visited Belarus and Iran hosted a meeting of the Mixed Belarusian-Iranian Commission on the issues of trade and economic cooperation. In April 2009 Head of the Iranian Judiciary Power Seyed Shakhruddin and Iranian Minister of Justice Gholam-Hossein Elham visited Belarus. Chairman of the Council of the Republic of the National Assembly of Belarus B. Batura visited Iran in June 2009; in November Belarus hosted Governor of the Central Bank of Iran Mahmoud Bahmani; Belarusian Minister of Industry A. Rusetsky visited Iran in December. Meetings at the highest level were held during these visits.

In 2009 Belarus and Iran intended that mutual trade to total USD 100 million, but in reality it dropped, in particular Belarusian exports dropped: because of the economic crisis supplies decreased and prices went down⁴.

The most resounding mutual project is oil production at Jofeyr field in the south west of Iran. The service contract for development

³ On the visit of Deputy Minister of Foreign Affairs of Pakistan to Belarus // Ministry of Foreign Affairs of the Republic of Belarus website: <http://www.mfa.gov.by/ru/press/news/b8208cdcce6fba2e.html>.

⁴ See: Trade-economic cooperation: website of Embassy of the Republic of Belarus in the Islamic Republic of Iran: <http://www.iran.belembassy.org/rus/relations/trade/>. Date of access 26.02.2010.

of this well was concluded in September 2007 and a joint venture Belpars Petroleum Company Ltd. was founded (BPC). But by the end of 2009 PBC had not started oil extraction. It is supposed that the first oil will be extracted in 2010.⁵ Another large-scale Belarusian-Iranian project is Samand car assembly plant. The Samand cars maker, the Iranian-Belarusian-British joint venture Unison, is the only car manufacturer in Belarus. In 2009 Unison produced 241 cars. The company's representatives declared their intention to increase their production rate in 2010 by 4.5 times compared to 2009 and produce 1.1 thousand cars⁶.

Samand assembly turned out to be "not very profitable", the Iranian ambassador admitted. The Iranian side hopes that Belarus joining the Customs Union will "lead to a duty increase which will make home car assembly profitable." It was decided to produce 2 more Samand car models in Belarus.⁷ For the last years cooperation in scientific and educational spheres was marked by the fact that less Iranian students has been studying in Belarus. Meanwhile, there was an obvious mismatch of partners. In December the Belarusian State University signed a cooperation agreement with the Free Islamic University. Whereas the former is the leading university in Belarus, the latter is just an ordinary mass establishment with commercial higher education.⁸

In 2009 information about probable supplies of C-300 mobile antiaircraft missile systems from Belarus to Iran⁹ caused a scandal, but this issue remains disputable.

Persian Gulf states

Belarus' relations with Iraq that used to be a significant partner turned out to be uncertain. In 2002 Iraq was one of the key trade

⁵ See: Belarus walking on the razor's edge in its oil cooperation with Iran // AFN. January 29, 2010: <http://www.afn.by/news/i/130744>.

⁶ See: Belarus will increase car production by 4 times // Interfax. February 11, 2010: <http://www.interfax.by/article/58960>.

⁷ Kalinovskaya, T. Jofeyr awaits the presidents // *Belorusy i rynek* (Belarusians and Market). № 8 (894). February 22 – 28, 2010.

⁸ Sereda, A. BSU and Islamic Azad University signed an agreement on cooperation // *BelaPAN*: <http://news.tut.by/154910.html>.

⁹ Alesin, A. Image is everything // *Belorusy i rynek* (Belarusians and Market). № 4 (890). January 25 – 31, 2010.

and economic partners in the Middle East, Belarusian exports to this country totaled USD 32.6 million. In 2004 this figure was only USD 1 million, in 2005 – 2007 practically zero, in 2008 it grew to USD 1.65 million. From January to May 2009 exports to Iraq grew 9.5 times compared to the same period of 2008 and totaled USD 4.57 million.

Belarus has not imported commodities from Iraq in 2000 – 2009 as it has not from a number of other Middle East countries.¹⁰ The visit of Iraqi Minister of Housing and Construction Bayan Ismail Desai in July 2009 can be regarded a sign that economic ties with this country could be renewed. The embassy of Belarus in Iraq was closed with the beginning of the war, as was that of Iraq in Belarus; but the Iraqi Embassy reopened in 2008.

The only trace of former active contacts is mutual recognition of academic degrees, thus the number of PhD students from Iraq in Belarusian universities is quite significant.

In 2009 active work was aimed at building cooperation with other countries of the Persian Gulf. In January the United Arab Emirates opened their embassy in Minsk. In May Belarus welcomed Minister of Foreign Affairs of the United Arab Emirates Sheikh Abdullah bin Zayed Al Nahyan.

Speaking of relations between Belarus and the UAE, the head of the Belarusian foreign-policy office mentioned investment projects, cooperation in the spheres of science and technology, and "joint work on economic projects in third counties."¹¹ These areas of cooperation were also discussed a bit earlier, in April, when the Emir of Qatar Sheikh Hamad bin Khalifa al-Thani paid an official visit to Belarus. We can assume that possibilities of cooperation with poor countries with financial support of other states in the region were also looked into during Belarusian Deputy Foreign Minister Aleynikov's visit to the UAE and Qatar in June and during Saudi Arabia's Minister of Finance and National Economy Ibrahim Abdel Aziz Al Assaf's visit to Belarus in July.

¹⁰ See: Oil derricks in exchange for oil // moneyby.ru. July 22, 2009: <http://moneyby.ru/news/10.html>.

¹¹ Transcript of the speech of the Minister of Foreign Affairs of the Republic of Belarus Sergei Martynov on the results of the visit to Belarus of the Minister of Foreign Affairs of the UAE Sheikh Abdullah bin Zayed Al Nahyan on May 23, 2009: <http://www.mfa.gov.by/ru/press/news/f3170730cbc3d260.html>.

The last visit was a really important step towards development of relations between Belarus and Saudi Arabia: it was the first visit of such a high-ranking Saudi Arabia official to Belarus, which resulted in signing a double taxation avoidance convention. As the important guest remarked, "we start trade and economic cooperation with Belarus from scratch."¹²

The Belarusian side declared its hope to find in Saudi Arabia markets for automotive and road-building machinery, and other high-tech produce, to involve businessmen of that country in hotel and shop construction, and to enter markets of Saudi Arabia's neighbors and African countries through it. Belarus-Saudi Arabia trade turnover has been insignificant so far.

Syria

Contacts between the countries were quite limited. In March the first round of experts' consultations on Agreement on cooperation for establishing a free trade zone between Belarus and the Syrian Arab Republic was hosted in the capital Damascus. In November 2009 Damascus hosted the 5th meeting of the Joint Belarusian-Syrian Commission on trade, economic and technical cooperation with participation of Belarusian Minister of Economy N. Zaichenko.

The military-technical aspect of cooperation was also conspicuous. In February 2009 the military attach  of the Syrian Embassy obtained accreditation from the Ministry of Defence of the Republic of Belarus. In March 2009 Syrian Minister of Defense General Hasan al-Turkmani paid a visit to Belarus.

During 4 months in 2009, Belarusian exports to Syria totaled USD 16.8 million with a surplus of USD 16.5 million. The largest project of Syrian business in Belarus was *Velcom* mobile operator, which originally was fully owned by Syrian businessman Ead Samawi (who was said to be very close to the Belarusian president). At present he owns only a 15% share, and in 2010 *Telekom Austria* plans to buy it out.¹³

¹² Krapivina, L. Belarus invites Saudi Arabia's businessmen to participate in investment projects // BelTA. July 20, 2009.

¹³ Mader M. *Die Telekom greift in Wei russland nochmals zu* („Telekom Austria strikes again in Belarus“) // Wirtschaftsblatt.at, 01.03.2010: http://www.wirtschaftsblatt.at/home/boerse/bwien/410383/index.do?_vl_pos=r.1.NT.

Libya

During 2009 Libya and Belarus kept quite intensive contacts. Belarusian delegations were headed by: First Deputy Prime Minister Viktor Semashko (April), Deputy Minister of Industry Gennady Svidersky (April), President's assistant on national security issues Viktor Lukashenko (a son of the president) (late August – early September), Minister of Defence Yuri Zhadobin (December). In October Belarus hosted the Libyan Deputy Minister of Industry, Economy and Trade.

Similar to relations with Syria, Belarus-Libya's relations are marked by distinct military and political interests on both sides. It is no coincidence that a small (only 4 diplomats) Belarusian Embassy in Tripoli includes a military attaché (only Belarusian embassies in the UAE and the PRC have military attachés).

Despite active political contacts and good relations between leaders of the two countries, trade turnover rate remains very low. In 2008, after a significant breakthrough in trade, Belarusian exports to Libya totaled slightly over USD 19 million. The trade turnover is mainly Belarusian commodities. Libya is a country where the presence of the Belarusian Embassy can be hardly motivated by official statistics on foreign trade. Hence, there are other grounds for that.

Egypt

In July 2009 the heads of foreign-policy offices of Belarus and Egypt met during the Non-Aligned Movement summit in Sharm el-Sheikh. In October 2009 Minsk hosted bilateral consultations between Ministries of Foreign Affairs of Belarus and Egypt.

In 2009 mutual trade totaled USD 79.5 million (74.3% of the 2008 level). Exports totaled USD 66.5 million (71.8%), imports – USD 12.9 million (90.2%)¹⁴. Exports dropped despite that in 2009 Egypt imported around 2.2 thousand tractors, which makes the country one of the largest Minsk tractor works' (MTZ) clients beyond post-Soviet territory. There are 2 assembly productions

¹⁴ See: Trade and economic cooperation // Embassy of the Republic of Belarus in Egypt website: <http://www.egypt.belembassy.org/rus/belbelg/>

of Minsk automobile works (MAZ) lorries and MTZ tractors in Egypt.

Latin America

Venezuela

Diplomatic relations between the countries were established in 1997 but it was not until 2007 that they began to develop intensively due to political changes in Venezuela and the new course of its president. This tendency also prevailed in 2009. In September 2009 President of Venezuela Hugo Chavez paid his 4th annual visit to Belarus.

Thanks to the political will of the Venezuelan leader and despite the economic crisis, mutual trade turnover between Belarus and Venezuela doubled in comparison with the same period of 2008 (due to doubled export) and totaled USD 132.5 million. There were practically no imports. Exports consisted mainly of industrial produce.

In Venezuela there is a mission of Belorusneft production association, and the joint Belarusian-Venezuelan oil-extracting enterprise "Petrolera Belo-Venezolana" that has already extracted over 1 million tons of oil. The prospects of Belarus importing Venezuelan (and Iranian) oil starting from 2008 were announced back in 2007¹⁵, but the first test tanker with 78 thousand tons of oil was bound for Belarus only at the end of 2009.¹⁶ In 2010 Belarus intends to double oil-extraction in Venezuela. In addition to the two oil wells that are being developed the joint Belarusian-Venezuelan enterprise has been allocated three more¹⁷. Earlier Hugo Chavez declared that Russian and Belarusian companies will have preferences on Venezuelan markets.¹⁸ In the construction sphere there is a joint Belarusian-Venezuelan enterprise producing construction materials and a joint venture for infrastructure and

¹⁵ Smialouskaya, Y. Venezuelan oil for Belarus over Lithuania: <http://www2.polskieradio.pl/zagranica/by/news/artykul.aspx?id=51360>.

¹⁶ See: Belarus to save its oil refineries with Venezuelan oil // AFN. January 29, 2010: <http://www.afn.by/news/i/130782>.

¹⁷ Foreign Economic Co-Operation Review (Publication of the Belarusian Ministry of Foreign Affairs). 2009. № 3. P. 28.

¹⁸ Ibid, p. 29.

housing construction. Besides, the two countries are implementing joint projects of phosphorites extraction and projects in science and technology. The September visit of Venezuela's president to Belarus allowed signing agreements on production and sale in Venezuela of Belarusian lorries and tractors (there are plans to launch construction of two respective enterprises early in 2010). It is supposed that the Venezuelan side will take part in privatization of Belarusian enterprises.

The official Minsk brands bilateral relations with Venezuela as strategic partnership.¹⁹ If two states manage to implement all agreements, the mutual trade turnover will be counted in billions of US dollars, believes President Lukashenko. He names 3 general goals for development of relations with Venezuela: (1) strengthening positions of both countries in the world arena, (2) strengthening national security, (3) raising standards of well-being in both countries.²⁰

Brazil

Relations with Brazil have no political grounds but the mutual trade turnover has always been quite significant, even larger than that with "politically close" countries, in particular, with Venezuela. In the second half of the 2000s Belarus-Brazil's trade was stable and totaled USD 0.5 billion, in 2008 it was much over USD 1 billion, though it was seriously affected in 2009 as a result of the economic crisis.²¹ Exports to Brazil totaled only 41.9% (USD 449.8 million) and imports – only 76.4% (USD 118.4 million) of the 2008 level. As a result, Brazil was only 11th among Belarus' foreign trade partners, leaving behind Lithuania, the USA, France, and Kazakhstan.

Although there are no serious political contacts (despite left-wing political attitude of the present Brazilian president) and there is only a Consulate General of Belarus in Rio-de-Janeiro, business contacts between the two countries have become livelier. In particular, in 2009 Belarus welcomed 23 delegations

¹⁹ Foreign Economic Co-Operation Review (Publication of the Belarusian Ministry of Foreign Affairs). 2009. № 3. P. 26.

²⁰ Ibid, p. 27.

²¹ See: Trade and economic cooperation: http://www.brazil.belembassy.org/rus/new_page_80/new_page_90/

of business circles' representatives from Brazil (in 2008 there were 17).²²

Argentina and Cuba

Contacts with Argentina are also devoid of a political component (despite that there seems to be an ideological and political closeness between Lukashenko and the present Argentinean leader Cristina Kirchner). Until now there has always been a deficit in trade with Argentina, which is quite untypical for Belarusian relations with developing countries.

In 2009 Belarusian exports to Argentina dropped by 86.5% compared to 2008 (when it reached a record level of USD 26 million and grew by 331.1% compared to 2007). In 2009 imports dropped by 11.5% (it was USD 115.4 million in 2008). In the period under review the mutual trade deficit grew by USD 9.2 million.²³ These export volume fluctuations testify to the absence of stable relations.

Meanwhile, some Belarusian enterprises operate in the country, in particular, a Gomselmash production association subsidiary. An MTZ subsidiary is also contemplated. Delegations of the Belarusian Ministry of Natural Resources and Environment Protection and that of Forestry visited Argentina within the frameworks of international congresses. First consultations between Ministries of Foreign Affairs of Belarus and Argentina took place in Buenos Aires in October.

Relations with Cuba look quite sparingly. A delegation of Cuba's Ministry of Foreign Affairs headed by Deputy Foreign Minister Dagoberto Rodríguez visited Minsk in January. The Joint Belarusian-Cuban Commission on trade and economic cooperation with Deputy Minister of Foreign Trade and Investment Ricardo Guerrero Blanco met in May.

It should be noted that trade turnover between Belarus and Cuba in 2008 doubled compared with 2007 but even before the crisis it was only USD 50 million with a significant surplus for Belarus. In 2009 mutual trade was hit by the crisis, which made the

²² Business circles are paying more visits to Belarus // Consulate General of the Republic of Belarus on Brazil website: http://www.brazil.belembassy.org/rus/news/-page__m12=1-news__m12=61415.

²³ Trade and economic cooperation // Embassy of the Republic of Belarus in Argentina website: <http://www.argentina.belembassy.org/rus/belbelg/>

position of Cuba in Belarus' external economic sphere even less significant.

Africa

During his meeting with heads of Belarusian foreign offices in July, President Lukashenko instructed the government to go systematically into the issue of consolidating positions on the African continent.²⁴ Taking into account the situation in Africa it will be difficult for Belarus to find solvent partners. But Belarusian supplies to Africa could be sponsored by Qatar, the UAE, Bahrain, or Saudi Arabia, in view of negotiations with these countries held in 2009, the official Minsk believes. Minister of Foreign Affairs Sergei Martynov said the following about the results of the Emir's of Qatar visit to Belarus: "Qatar renders large economic assistance in third countries and we propose that Qatar uses Belarusian machinery and technology in these programs."²⁵

Actually the Foreign Ministry is trying to advance Belarusian export through participation in economic assistance for African countries programs. This is a new area in Belarusian foreign policy.

Conclusion

The Belarusian leader claimed foreign relations to be "systematic"²⁶ but actual foreign policy and economic steps of Belarus during 2009 indicate the opposite. In other words, Belarusian leaders (contrary to their rhetoric) did not follow a holistic approach of foreign policy towards this or that country (e.g. to cover the "Third World" countries or to strengthen ties with political opponents of the USA). It is even less true for the ideological framework. We should rather speak of opportunism. Quite often Belarus maintained friendly relations with countries at war: earlier it was Iraq and Iran, now it is Israel, on the one side, and Iran and Syria, on the other.

²⁴ Commodity Distribution Network. №2/2009. P. 3.

²⁵ Interview of Minister of Foreign Affairs S. Martynov to the First National TV channel about results of the Emir of Qatar visit to Belarus, April 19, 2009.

²⁶ Foreign Economic Co-Operation Review (Publication of the Belarusian Ministry of Foreign Affairs). 2009. № 3. P. 27.

When we assess economic results of relations, we should bear in mind statistical variability, deliberate or accidental. A vivid example of this year is a serious discrepancy between mutual trade data on the Belarusian and Israeli sides: the Belarusian side estimated USD 68.2 million but, according to date of the Israeli ambassador it was only USD 28 million.²⁷ But statistical data on foreign trade in many countries remains very unreliable and difficult to access, though not because of deliberate concealment. It is rather the business culture of Belarusian functionaries.²⁸ Belarusian exports significantly exceed imports in almost all countries from the group under review (except China and Argentina), which makes them very significant partners as the Belarusian government is fighting the foreign trade deficit.

Geographically Belarusian missions abroad do not fully reflect the position of the official Minsk to increase the trade volume. Trade (official) with some countries that have Belarusian embassies, despite active contacts, is not significant (e.g. Cuba, Libya, Argentina).

Meanwhile, there is a number of countries with significant volumes of mutual trade, where there are no Belarusian missions at all (as, for example, Uzbekistan, which lies outside the region under review) or just consulates general (Brazil). But we should note that Belarusian foreign policy does not limit itself solely to promoting turnover increases.

²⁷ Kalinovskaya, T. An old friend in new light // *Belorusy i rynok* (Belarusians and Market). № 23(858) as of June 16, 2009.

²⁸ It can be clearly seen on the website of the National Statistical Committee and all Foreign Ministry publications.

SOCIETY

POLITICAL PARTIES IN TIMES OF POLITICAL STANDSTILL

Yuri Chausov

Summary

Belarusian parties spent the year 2009 reorganizing and establishing coalitions. The period under consideration was not marked by any election campaigns and was a kind of “interim”. Therefore, the election calendar impelled the parties to concentrate on inner-party rotations, inter-party cooperation and preparation for future election campaigns.

A lot of party formation processes in 2009 should be viewed in the context of parties preparing for local council elections of the 26th convocation in April 2010, and especially for the presidential elections in early 2011. The intention to prepare the party system for the upcoming campaigns manifested itself in the state policy of legal regulations in this sphere.

Tendencies:

- introduction of tougher legal restrictions stipulating conditions to deny registration to a party; continued unwritten “ban” on registration of new parties;
- absence of election campaigns encouraged parties to concentrate on coalition building and inner-party discussions;
- parties have split into two blocs according to their sense of values and foreign policy benchmarks, which can cause that at the presidential elections 2011 two opposition candidates will be nominated.

Operational and establishment climate for political parties

As of January 1, 2010 Belarus counts 15 registered political parties and 994 local organizational units put on record. In 2009, 18 new organizational units of political parties were registered and put on record. Despite that, the total number of organizational units dropped because some oppositional parties' units were liquidated and taken off the record (as of 2009 they totaled 1008).

In 2009 new amendments to the law on political parties concerning the administrative procedure of party registration were adopted. On December 11 the House of Representatives passed the law on alterations and amendments to some laws of the Republic of Belarus on issues of administrative procedures, which

came into force on February 5, 2010. The law stipulates easier procedures of registration of some non-commercial organizations, including political parties, and expands the list of probable grounds to deny registration. The purpose of this part of the law is obvious: to create a legal basis for ungrounded and arbitrary denials to register organizations that the authorities want to prevent from becoming legal.

The previous version of the law on political parties contained provisions that a party could be denied registration if goals, tasks, methods or territory of its functioning specified in the charter did not comply with the legislation. Other inconsistencies of the charter were regarded as amendable and could not serve as ground for denial. But now any insignificant breach of the legislation in the charter can cause denial of registration. Besides, new grounds for denial were introduced. For example, a party can be denied registration if it files documents other than the charter or/and information inconsistent with the legislation, including counterfeit, forged or out of date/invalid documents. The new version of the law practically nullified the notion of amendable inconsistencies in documents filed for registration.

Other alterations of the law on parties are not fundamental. Minor technical innovations presented by the state mass-media as a breakthrough cannot be regarded as such. The law stipulates that the parties can file an electronic copy of the charter, which does not actually make the procedure of document preparation easier. It is also true for alterations concerning registration with the tax inspectorate, statistical and other registration organs: they are applicable only to those parties and associations that have already managed going through the "sieve" of registration censorship. The new term "registration suspension" that substitutes the old "registration delay" is a new label for the old notion. This is an example of new repressive catches that Belarusian functionaries apply to circumscribe civil rights. The simplification of the registration procedure was a camouflage for the simplification of the procedure of denial.

The Special Section of the Tax Code of the Republic of Belarus makes a provision for lower fees for registration of political parties, their organizational units and for makings alterations and amendments to the parties' charters. The fee charged for application to register a party, party unions or associations, was

reduced by more half: now it is 20 base (benchmark) units (one unit of the kind is 35,000 Belarusian rubles); previously it was 50 units. As of January 1, 2010 the state does not charge a fee on permits for seals of political parties, trade unions, and other civil associations and funds. When the House of Representatives was discussing the draft of the Special Section of the Tax Code of the Republic of Belarus, the Ministry of Justice prepared and presented proposals to reduce the fee for the actions mentioned above.

The Election Code of the Republic of Belarus passed the alterations in the Parliament on December 11, 2009 and came into force in January 2010. The state media voiced the official opinion on these alterations as being aimed at expanding possibilities for political parties to participate in the election process. The introduced quota for political parties and civil associations in forming election commissions was regarded as a positive change. According to the Central Electoral Commission, one third of election commissions, except for the Central Commission itself, should be composed of representatives of political parties and civil associations. It is easier now to nominate and register party candidates to the House of Representatives and local councils: parties are allowed to nominate their candidates in all election constituencies disregarding the presence of the party's organizational units in the constituency.

As for election monitoring, parties are allowed to delegate both party members and non-affiliated citizens to voting stations. These amendments reflect a major part of the demands of the OSCE and the EU, says Lidia Yermoshina, chairperson of the Central Commission of the Republic of Belarus on Elections and Republican Referenda (the State Election Commission). But the opposition parties assessed these changes as superficial, because they do not reflect suggestions and interests of political parties.

Abortive attempts to register new parties

The changes in legislation regarding registration of parties bore no practical changes. In 2009 four attempts to register new parties were unsuccessful (since 2000 not a single political party has been registered in Belarus). In late 2008, at the fourth attempt, the For Freedom Movement was registered. This fact became a ray of hope for many unregistered organizations that supposed that the

procedure of registration of new civil associations had been simplified. Several unregistered organizations stated their intentions to file documents for registration anew.

The Belarusian Christian Democracy Party (the BCDP) was the most persistent in its efforts and filed documents for registration twice in 2009. But, despite its persistence, the initiative group never managed to receive documents for legalization as a party (before, the BCDP was denied registration as an NGO twice). The Ministry of Justice motivated its denial to register the BCDP claiming that a number of founders of the party renounced their participation in the new party. These renouncements resulted from pressure on the founders, say the BCDP leaders.

The Belarusian Party of Workers (the BPW) (successor of the Belarusian Party of Work liquidated in 2005) did not obtain a legal status, either. Similar to the case of the BCDP, this party was denied registration on the grounds of questioning the founders. The questioning was accompanied by pressure to make the founders renounce their signatures, say the BPW leaders.

On April 18, 2009 the constituent congress of the Party of Freedom and Progress (the PFP) was held in Mogilev. Over the past years it was the 4th attempt of Vladimir Novosiad's supporters to register the political party. The party was denied registration on the grounds that a number of founders renounced their signatures. The denial was confirmed by the Supreme Court.

A number of local organizational units of opposition parties received denials of registration, too. In May 2009 Grodno region organization of the Belarusian Popular Front (the BPF) was denied registration on the grounds that the filed documents were printed in wrong font type. Similar charges were pressed against a number of organizational units of the United Civic Party (the UCP).

In 2009 no instances of liquidation or temporary suspension of political parties were registered. Meanwhile, the Ministry of Justice as a registration body applied softer mechanisms to influence political parties, breaching the laws. In particular, in 2009 it issued written warnings on two political parties: the Belarusian Agrarian Party and the Republican Party.

It is significant that these warnings are issued on parties supporting the existing political regime on the grounds that these parties and their organizational units did not present their annual reports on activity to the registration body, which is a grave

violation of law. The Republican Party did not meet the requirements stated in its charter concerning the schedule of meetings of governing bodies and administration. These facts best illustrate that even parties supporting the authorities are not an essential element of the Belarusian political system and cannot be regarded as actively functioning organizations.

Belarusian Popular Front Party changes its leader

The election of the new leader of the Belarusian Popular Front Party (the BPPF) was probably the most significant event in the life of Belarusian parties in 2009. The regular election congress held on September 5 in Minsk elected Vice-chairman Aleksei Yanukevich, 33, for the post of party chairman. It was not typical for Belarusian political parties that the new leader was elected after an acute struggle of political programs and not nominated as a successor or resulted from a split.

The change of leadership in the BPPF was preceded by a discussion about the role of the party in the political system, strategies and tactics of the party activities. Coalition factors also contributed to the delegates' choice: whereas the former leaders regarded the BPPF as participant of the United Democratic Forces (the UDF), A. Yanukevich supported partnership with associations of the similar national-democratic platform.

Liavon Borschevsky took the position of Chairman of the party in December 2007 as a compromise, because none of the main candidates had polled the necessary number of votes. The decision was interim and the Chairman was regarded a transition figure called to resolve the internal party crisis and settle the conflict between generations. But later L. Borschevsky announced his intention to run for the presidency on behalf of the BPPF.

Over two previous presidential campaigns the BPF nurtured the intention to nominate their own candidate for the presidency who would be a party member bound by the ideological traditions of the party program. The party units resented supporting "ideologically indefinite" candidates from the "general democratic" coalition.

Yanukevich's program covers the period up to 2015 and actually is a long-term strategy for the party. The candidate said

that the party has an independent position and the coalition should be formed with parties of the same ideological platform e.g. the BCD, the For Freedom Movement, and, probably, nationally-oriented members of the UCP. The inner-party electorate likes the thesis that it is impossible for the BPPF to establish a union with forces promoting Russia's interests in Belarus, i.e. with the leaders of the Party of Communists Belorusskaya who openly support the renunciation of the national currency and introduction of the Russian ruble, recognition of Abkhazia and South Ossetia, and who promote unification with Russia.

A. Yanukevich also asserted the necessity to reconcile the inner-party groupings. In his program much attention is given to the problem of party building. He suggests giving up the hierarchical party units system and relying on supporters of strong regional leaders, which *de facto* has already been practiced.

Another advantage was that the party members were dissatisfied with the then party leaders. After Liavon Borshevsky had replaced Vincuk Viachorka, neither party nor the management saw any renewal. Quite the opposite, out of the old stack Borshevsky pulled out ideas from the 1990s and ruled the party single-handed. A. Milinkevich and his For Freedom Movement (a significant part of it is made up by former and present the BPPF members) went strong on A. Yanukevich.

Thereby, the BPPF Party congress discussed the following key issues: the format of the party's participation in the presidential elections; nomination of the party's candidate for the presidency and its reasonableness; relations with other subjects of the democratic opposition and inner-party development. After the polling results had been announced, Borshevsky said that no decision of the congress should split the party. He called upon his supporters to restrain from any demarches and act upon the general program.

Inner-party controversy in the United Civil Party

Other opposition parties did not face such severe clashes concerning areas of the party's work as it was in the BPPF Party. But the United Civic Party were also discussing the position of the party in the political system and searching for new approaches. The discussion about reforms in the UCP was initiated by regional

organizational units. An attempt to replace the leader in Grodno regional branch showed that in the future the party could also fall under the influence of the For Freedom Movement. But later these processes were contained and turned into constructive discussion.

On December 27, 2009, the election conference in Minsk regional organization of the UCP declared that the party needs to be reformed and "have a more practical approach to the work with the voters and party cadre". Chairman of the organization Vladimir Muliarchuk disagreed with the document and called it a populist one.¹ The initiators of the discussion pointed out that the core of their proposal was to change the priority of the party's activities.

The UCP's vice-chairman Lev Margolin noted that the initiators of the statement "repeat Milinkevich's mistakes" but admitted that the proposal itself and the discussion around it is a good idea, especially on the eve of the regular UCP session. The controversy in the UCP and the kind of arguments put forward by its participants, reveal the conceptual disagreements among the Belarusian opposition. It is typical for a lot of political organizations that they are divided in supporters of tough opposition to the regime and supporters of "social populism" tactics. All in all, opposition parties feel it hard to find their position in the political system: their common problem is isolation from society.

Opposition communists: rebranding discussions

The Party of Communists Belorusskaya (the PCB) in 2009 was renamed the Belarusian Party of the Left Spravedliviy mir ("Fair world") (initially the new name had the attribute "united Left", but the Ministry of Justice insisted on omitting it). The decision was passed on October 25, 2009 according to the results of voting at the second session of the 14th extraordinary congress (the first was held in spring). The new name will win over not only young people but also other representatives of leftist organizations that were denied registration, believes party leader Sergei Kaliakin.

A year before that the PCB representatives started discussing the party's modernization. In May, just on the eve of the first session

¹ Polemics on reforms / *Belorusy i rynok (Belarusians and Market)*. № 7(893). February 15 – 21, 2010.

of the extraordinary PCB congress, the party press-secretary Sergei Vozniak said in the interview to BelaPAN news agency that "The question of the name is only part of the problem. The thing is that for the last 18 years we were working as the Communist Party of the USSR used to do. But these years saw drastic changes and the image of a communist became negative and deters young people. That is why we decided to rename the party"².

According to Vozniak, the party intends to nominate its candidate to run for the presidency in 2011. The party leader Sergei Kaliakin announced his own presidential ambitions more than once. Experts say that the presidential elections 2011 prompted the communist leaders to change the name.

The first session of the PCB congress on May 23, 2009 was mainly devoted to inner-party discussions, including the renaming, and was closed to the press. But it became known that a group of the party members criticized Kaliakin, among other things, for his initiative to rebrand the party. A question of confidence to Kaliakin was even put to the vote and polled almost one third of the delegates' ballots. Besides criticism for the party rebranding, Kaliakin was also accused of excessive cooperation with the right-wing opposition.

A number of delegates declared their disagreement with the congress's decision and expressed an intention to create their own "real communist party". On August 29, 2009 in Machulishchy (near Minsk) the PCB delegates to the 14th extraordinary congress who did not share the PCB leaders' opinion on the issues of further party-building, held a meeting. It was attended by representatives from all regional organizations and Minsk, except that of the Gomel region. Later the supporters and opponents of the renaming exchanged strong-worded statements. In the end, some members left the party as a result of disagreement over omitting the attribute "communist" from the new name.

Coalition rearrangements on the eve of the coming election campaigns

In early 2009 the Belarusian opposition had a joint coordination centre – the United Democratic Forces (the UDF), which included

² See: Charter'97: <http://charter97.org/ru/news/2009/10/25/23091/>

more or less powerful organizations. Close to the end of the year the situation turned to be less definite as a number of organizations abandoned the UDF and established an alternative coalition: the Belarusian Independence Bloc (the BIB).

For the first six months of 2009 the UDF was busy developing an anti-crisis platform, a document with conceptual proposals of the party on economic policy during the crisis. This document was passed at the suggestion of the UCP and was basically developed by economists affiliated with this party.

In 2009 the actions of the UDF in general and its members in particular was focused on developing its position regarding Belarus' participation in the EU's Eastern Partnership program. Generally, the coalition supports the idea of Belarus joining this program but under conditions and with reservations regarding liberalization and democratization in the country. They announced this position despite the presence of communists in the UDF, who strongly support cooperation between Belarus and Russia.

It was possible to establish the BIB because parties that in early 2009 were members of the UDF had different views on foreign policy. It was Kaliakin's pro-Russia statements that impelled pro-European political units to dissociate from the UDF. This dissociation became technically possible in September when the leadership in the BPF Party was taken by forces aiming for cooperation with the partners of the same national-democratic platform.

On October 27 a number of democratic movements in Belarus signed an agreement to establish the BIB. The new coalition was formed by the BPF Party, the For Freedom Movement, the Rightist Alliance, the BCD Party, the Youth Front and a number of other associations. But only the BPF is a registered political unit in this association whereas in the UDF there are four such organizations. The declaration was also signed by the leaders of organizational committees of other associations: Artur Finkevich (the Young Belarus movement), Viacheslav Sivchik (the movement of solidarity Razam ("Together")) and Aleksandr Shumkevich (the youth Christian social union "Young Democrats").

The new political bloc stated the following priorities: to create conditions for free and fair elections in Belarus; to launch economic reforms and secure the well-being of Belarusian citizens with priority for small and medium businesses; to promote civil rights

for freedom of expression, of conscience, of association and assembly; to work towards stopping political repression in Belarus and releasing prisoners of conscience; to promote Belarusization of educational institutions, mass media and other state and social institutions; to condemn totalitarian communist and fascist ideologies; to establish strategic cooperation with countries of the Eastern Partnership and the EU.

When a certain organization was leaving the UDF it was considered to be connected with the establishment of the BIB. But the leaders of the UDF were criticizing the newly-established BIB severely, charging it of compromise and even of collaboration with the regime and accusing it of acting on orders from the secret services. Therefore, further cooperation of pro-Russia's and pro-European forces within the UDF was impossible. On November 21 the Sojm (the national leadership council) of the BPF Party stated that the UDF had ceased to exist as a coalition. Two weeks before, on November 4, the steering body of the For Freedom Movement adopted a resolution to leave the UDF.

It is difficult to define what kind of association the UDF was at the moment when these decisions were made. But it was obvious that they had ceased to be a coalition inside Belarus. They were rather a trade name for external usage, a conglomeration of project initiatives that are hardly connected but have a halo of the previous cooperation in the election campaign in 2005 – 2006. Exclusively inner-party UCP initiatives turned into proposals of the whole UDF in the framework of the National Committee of the Union; chamber initiatives of single politicians were pushed through the UDF mechanisms and formally became a concern of all democratic forces of the country.

The steering bodies of the coalition were not functioning properly: the representative steering body, the Political Council elected at the 2007 Congress, had not assembled for a year. Even the Presidium of the Political Council, a much smaller body, had never had a quorum. In reality all decisions were made after non-formal discussions that were passing themselves as coalition bodies.

Formally, the UDF was established on November 20, 2004, when 10 leaders of opposition parties signed an agreement to create the Standing Meeting of Democratic Forces (that was later renamed the UDF). The goal of this union was stated as "to work

out, adopt and fulfill the mechanism of nominating a joint candidate from democratic forces at the presidential elections". Further on, the association changed its name, composition, working procedures and decision-making formats. In the end the association was not able to fulfill its main function as a mechanism for coordinating the opposition's efforts to nominate a joint candidate and beat the incumbent presidential candidate.

To sum up, the UDF as a coalition had functioned for exactly five years, and this is long for Belarusian standards. The political situation changed and caused changes within the opposition. It is quite logical to unite in the face of total repression, hence the easing of the climate caused division among the opposition. The opposition has not made a joint "fist" for a very long time, and that is the spirit of the age. We cannot imagine a representative delegation of the Belarusian opposition without the BCD leaders (the party was never a UDF member), or without Milinkevich (who was demonstrative in his rejection to become the UDF co-chairman and makes no secret of his presidential ambitions). None of the significant decisions of the opposition is adopted by the UDF bodies, but rather within a framework of wider consultations. One of such meetings that was discussing issues on who would represent the Belarusian opposition at the Eastern Partnership Parliamentary Assembly was held near Minsk on November 17, 2009. The participants representing all major opposition organizations made a common decision without applying to suspicious mechanisms of discussion within the UDF.

Different attitudes to foreign policy in the two blocs and different views on how to reconcile the Belarusian regime with the West should not be misleading: methods of political struggle remain the same. In this regard, the task of the BIB is very simple. The new coalition has one significant advantage: the people understand its purposes. This is a Belarusian-speaking, pro-European, conservative, anticommunist opposition. The new coalition will probably be represented by Aleksandr Milinkevich, whom a lot of people remember as a joint candidate from the united opposition at the last presidential elections. The BIB declaration does not contain any specific program or a new strategy; it is simply a declaration of the participant's unity.

The UDF position is more ambiguous, its members have to prove their "oppositionality" and explain the people that it is they

who are an alternative to the authorities, and not the BIB with the BPF Party among its participants. Compared to the BIB, the UDF have neither the program nor the unity. So, the UDF have nothing left but to prove by contradiction "that, the other oppositional bloc is a figurehead, controlled and fake".

During 2009 a number of parties (the Belarusian Popular Front, the Party of the Left Spravedlivi Mir (Fair World)) began their own election campaign intending to nominate their own presidential candidate. There are very few people now who firmly believe in the success of the "joint candidate" plan, even those supporting this strategy. It is becoming more and more popular to argue that at the coming presidential elections will feature two candidates nominated from the opposition — from the right-wing and from the so left-wing parties. Both candidates will have enough human resources for the campaign, and the donor field for this configuration has already started to be transformed.

THE THIRD SECTOR: TWO RESPONSE OPTIONS TO CHALLENGES

Tatyana Vodolazhskaya

Summary

In 2009 the basic processes in the third sector were defined by development of relations between Belarus and the European Union. The Belarusian authorities stated their readiness to improve operating conditions for NGOs, but a number of steps to this purpose, undertaken at the end of 2008, were discontinued in 2009, leaving the conditions in which NGOs operate unimproved.

At the same time, Belarusian organizations within civil society took advantage of the possibilities appearing in the slipstream of the Belarusian-European dialogue. Within a year, in *the third sector* a number of initiatives were taken in cooperation with state bodies for joint solutions of socially significant problems connected, for example, with construction of the atomic power station, improvement of legal conditions for NGOs, etc. However these initiatives were no success.

Cooperation of Belarusian NGOs with the European structures had more positive effects, the main of which were amendments to the election legislation. Also, the participation of a Belarusian delegation in the Civil Society Forum of the Eastern Partnership program can be regarded as progress.

2009 was also marked by initiatives on creation of “social councils” under various state structures – the Social Advisory Council under the Presidential Administration, the Social Coordination Council on mass-media, but their activity failed to bring any significant results.

Tendencies:

- full inclusion of representatives of Belarusian civil society in the Civil Society Forum of the EU's Eastern Partnership program;
- frame conditions of NGOs activity did not improve, state regulation in this sphere remained rigid;
- attempts of large NGO associations to join the dialogue with the state on socially significant problems appeared inefficient.

Challenge situation for the third sector

In 2009 resuscitation of Belarusian-European relations can be considered a major factor of third sector development. Despite the fact that the Eastern Partnership program (EaP) is developed first of all at an interstate level, for inclusion of civil society into this program the special nomination – *the Civil Society Forum* was

offered. Inclusion of Belarus into a new program of partnership and signing by Belarusian authorities of the corresponding documents at Prague summit¹ were factors of formal recognition of the Civil Society Forum as one of the elements of Belarusian-European relations.

Besides, the fact of inclusion of Belarus into the Eastern Partnership program can be considered a compromise resulting from requirements of "improvements of working conditions for non-governmental organizations". Therefore, conditions for third sector activity became the object of special attention and guarantee of development of relations with European structures (along with mass media situation, presence of political prisoners etc.). The Belarusian authorities stated their readiness to improve operating conditions of NGOs and in 2008 showed a number of pointed actions in this direction which, however, failed to provide a basis for the consecutive action plan: 2009 became a year of displaying initiatives stimulating a general movement in this direction.

At the same time, 2009 is marked by initiatives on creation of "social councils" under various state structures — the Social Advisory Council under the Presidential Administration, Social Coordination Council on mass-media. These initiatives created one more essential challenge to civil society.

Thus, for *the third sector* in Belarus, 2009 was a year of answers to the challenges which demanded a search of forms of full-fledged participation in the dialogue both with Belarusian state and with the European political institutions and civil society. Answers to these challenges were realized within the framework of two different approaches.

"Check by action"

The *first approach* consisted in checking of the borders of liberalization and democratization concerning the third sector. One of the main effects of "checking" was activity concerning registration. In 2009 a lot of public associations made attempts to be registered: some hoped for positive results, others showed the

¹ Joint Declaration of the Prague Eastern Partnership Summit <http://eurobelarus.info/content/view/3094/163/>

real state of affairs of the registration procedure of NGOs in Belarus. Repeated attempts of registration were made by "The Assembly of NGOs", Public human rights association "Nasha Viasna", "Berastseyskaya Viasna" and a number of other organizations that either had lost their registration earlier or previously failed to obtain registration.

Unfavorable results of this checking are reflected in the monitoring results of freedom of association in 2009². Only among national associations, 34 were denied registration; at the level of regional administrations of justice there were even much more cases. As a result, according to the Ministry of Justice, last year 94 new public organizations and 8 funds were registered. Given the numbers in earlier years, 2009 does not particularly stand out: the total number of organizations did not significantly change (2,225 for January 1st, 2010).

On the waves of advancement of liberalization of conditions for the third sector, the Assembly of NGOs initiated a public campaign dubbed: "Stop 193.1!", calling for cancellation of article 193.1 of the Criminal Code which establishes criminal liability for activity on behalf of non-registered organizations³. The efficiency of the campaign is hard to estimate: the article is still in place, though there are signals that favor changing the type of responsibility from a criminal offence to an administrative offence.

The assembly inspected legal conditions of NGO activity within the framework of the analysis of the changes introduced to the Law on public associations. The analysis shows that the introduced amendments do not really influence the general state of affairs in legal conditions of the third sector. The registration procedure has not actually been facilitated; it is more likely that

² Freedom of associations and the state of NGOs. Final report of 2009. Monitoring of carrying out of the proposals of the European structures in the sphere of normalization of the state of NGOs and freedom of association by Belarusian authorities. (The Assembly of NGOs). <http://www.belngo.info/>

³ During the year a number of notifications of possible prosecution according to article 193-1 were made. According to human rights activists in 2009 one person was convicted in connection with the activity on behalf of an unregistered organization (a penalty was not set due to amnesty given).

new possibilities for refusal in registration have been created⁴. Positive legal changes concern simplifications of activity for organizations already registered: now they will not need to undergo such administrative procedures as registration in tax inspection and social security bodies etc. As a whole in 2009 the "achievements" in legislation liberalization are less considerable even in comparison with 2008.

A new round of aggravation of the conflict over the non-official Union of Poles in Belarus (UPB)⁵ is highly relevant to the third sector as a whole. The antagonism of the Belarusian authorities and a public organization that tries to keep its independence testifies to the stability of the aims of the former to exercise control over the latter. The local branch of the Union of Poles in Belarus in the small town of Ivenets for its part, having improved its tactics, finally managed to bring the problem from a latent condition onto the level of an international scandal. At the present moment the situation has not yet resolved, and it serves as an eloquent *case* illustrating the difficulties that Belarusian civil society is confronted with, revealing the true face of the Belarusian authorities with regard to liberalization and democratization.

Within the framework of the designated approach it is helpful to discuss several attempts of civil society organizations to engage in dialogue with the state. The most vivid example is the public hearings concerning the construction of an atomic power station⁶, initiated by the state in accordance with the international requirements on procedures of coordination during the construction of such objects. Representatives of civil society made use of their legitimate right to become a partner in the dialogue and decision-making on an important national question. Beside the

⁴ According to a new edition the basis for refusal can be contradiction of the charter of the organization to the requirements of the legislation not only concerning the aims, tasks, methods and area of activity (as it was earlier), but also concerning any other parts and issues of the charter. Inaccuracies in the submitted documents can now be instantly qualified as a fake or a reason for invalidity of documents. Earlier there was a possibility to correct inaccuracies and errors, now the authorities can instantly refuse.

⁵ For the history of the conflict with the Union of the Poles — see http://naviny.by/media/2010.03_w2/download/spb_flash.swf

⁶ Lashkevich K. How they discussed the nuclear power station: universal "OK": <http://news.tut.by/149632.html>.

unwillingness and unreadiness of the authorities to consider civil society as a serious partner, the hearings, on the other hand, also showed the unreadiness of the third sector for such dialogue.

One more traditional form of dialogue with the state was working out *the Concept of development of civil society*, initiated by the Assembly of NGOs. It is symptomatic that during the discussion and completion of the project the Concept of development of civil society turned into the Concept on assistance of authorities to develop civil society⁷. The main objective of this document is to become the basis for dialogue with the state. Meanwhile the document is being discussed and coordinated within the framework of the third sector. It is safe to conclude that the resulting dialogue is unlikely to be successful.

Despite the plurality and variety of subjects within representatives of civil society who had realized this approach in 2009, the Assembly of NGOs can be regarded as its true embodiment without any doubt. It is reasonable not only because it actively operated within the framework of this approach and is the largest association in the third sector of Belarus, but also because it embodies the basic policy for actions in an actual situation.

In 2009 the Assembly of NGOs carried out a scale action – VI Congress of NGOs of Belarus⁸. There were more than 300 representatives of the third sector; six regional and six thematic round tables had been preliminarily held. Thus a considerable part of civil society of Belarus – its most active part – took part in these events. The main task of the Congress consisted in defining an action strategy for the next period.

The basic dilemma consisted in that, whether it was necessary to change the existing structure, forms and modes of work or to leave them without change. Despite criticism and recognition of exhaustion of the former forms of work in the actual situation, the strategy accepted at the Congress confirmed adherence to old forms and ways of action⁹. To a great extent it was connected with

⁷ Democratization of Belarus will begin from the dialogue between the state and civil society: <http://belngo.info/view.pl/padzieji/2010-03-01>.

⁸ Final press release of the VI Assembly (Congress) of NGOs of Belarus: http://belngo.info/view.pl/vi_kanhres.

⁹ Chavusau Yu. Post traumatic syndrome or new leadership // Journal of civil society activists "Assembly". 2009. No.1. pp. 3–5.

stability of the formed structure of the third sector which dictates possible and necessary ways of realization of the aims, etc.

Thus, actions within the framework of this approach revealed that:

- Belarusian authorities failed to take any real steps for improving the conditions for NGO activity;
- the structures of the third sector preserved the position of a "suffering" side in relations with the state;
- the structures of the third sector are not ready for new forms of work, and there is a lack of resources for effective campaigns.

"One's own game"

The second approach consisted in using the possibilities which had been provided by a new all-European platform for civil society – *the Civil Society Forum* of the EaP. Preparations for the Forum including work with European structures and civil society organizations in Belarus served as an additional tool of development of the third sector.

Active inclusion of Belarusian civil society in the Forum format, promotion of its own proposals, working out principles for selecting delegates, implementation of programs and the agenda of the first day of the Forum were important consolidating factors for creation of an NGO pool, the leader of which was the consortium *EuroBelarus*. This pool included: consortium *EuroBelarus*, Belarusian association of journalists (BAJ), Belarusian institute of strategic researches (BISS), "The Assembly of NGOs", public campaign "Budzma", Movement "For freedom", the International institute for political researches (IIPR), Office for Democratic Belarus, Belarusian Helsinki committee, "Green network", etc.

Within the framework of the preparation for the Forum a series of landmark events took place. In December 2008 the conference "Strengthening of participation of Belarusian civil society and local governments in the European Union programs: problems and prospects" was held. On April 22nd, 2009 the conference "Participation of Belarusian civil society in the Eastern Partnership Initiative" was held¹⁰. In July 2009 public hearings "Civil society

¹⁰ Conference "Participation of Belarusian Civil Society in the Eastern Partnership Initiative" <http://eurobelarus.info/content/view/3101/164/>

and the state: interaction mechanisms" were carried out. The round table "*Eastern Partnership Civil Society Forum: Agenda for Belarus*" took place on October 19th, where strategic proposals on actions of Belarusian delegation at *Forum* (from AHT and *EuroBelarus*¹¹, BISS¹², Movements "For freedom"¹³) were suggested and discussed.

Consortium *EuroBelarus* brought out the proposal for changing the agenda of the Civil Society Forum for creating a procedural and organizational base to include civil society in interaction between the EaP-partners and the EU¹⁴. This proposal was approved¹⁵ in the final resolution, which became the basis for successful action at the Forum that took place on November 16 – 17th, 2009.

As a result of actions within the framework of this approach:

- there was consolidation of some NGOs within the framework of the Eastern Partnership Civil Society Forum;
- the Eastern Partnership framework is open to expansion of influence and inclusion of Belarusian civil society as a real subject into Belarusian-European relations

At the same time the formed ties and achievements remain weak and unstable.

Estimation and forecast

Quantitative characteristics of the third sector activity – actions, events, people included in activity, etc. – are set by the mass character of realization of the first approach in the activity of public associations. Qualitative changes and points of development of the sector are presented as policy options.

The results of the year showed that during realization of the second strategy the civil society of Belarus could promote in self-

¹¹ Egorov A. Eastern Partnership Civil Society Forum: Agenda for Belarus: <http://eurobelarus.info/content/view/3529/53/>

¹² Melyantsou D. Belarusian civil society community needs actorization: <http://eurobelarus.info/content/view/3535/53/>

¹³ Lahvinets A. Eastern Partnership Civil Society Forum as a challenge: <http://eurobelarus.info/content/view/3548/53/>

¹⁴ Egorov A., Vodolazhskaya T. Agenda of Eastern Partnership Civil Society Forum: <http://eurobelarus.info/content/view/3552/53/>

¹⁵ Final resolution of the conference Eastern Partnership Civil Society Forum: Agenda for Belarus: <http://eurobelarus.info/content/view/3553/164/>

organizing and development. The first strategy, in its turn, allowed concentrating once again on the state of affairs in the country.

Concerning the near future it can be said with confidence that the policy of the first approach will prevail as it is fixed by an almost 20-year practice and consequently is hardly subject to changes. At the same time *development of the third sector* is connected mainly with activation of efforts within the framework of the second approach. Prospects of the latter are connected with stability of work of the pool of the public associations created during preparation of the Forum for civil society, the leader of which is *EuroBelarus*. At the same time there is a high risk to lose the rate of work with regard to formulating an adequate reaction to the situation.

MASS MEDIA: SELECTIVE LIBERALIZATION AGAINST THE BACKGROUND OF REPRESSIONS

Alexey Medvetsky

Summary

In 2009 restrictions remained on access to information, monopoly of the state on distribution of printed media. The inequality of working conditions between state and non-state social and political mass media stayed the same. The new law "On Mass Media", which took effect at the beginning of 2009, simplified the procedure of registration of new media but at the same time it introduced a number of additional requirements. As a result, five publications were denied registration according to the new law, which led to reduction of the quantity of mass media.

In 2009 the list of state and public institutes influencing the development of the Belarusian media sector was extended at the expense of the Ministry of Foreign Affairs, supervising accreditation of foreign mass media, the Public Coordination Council in the sphere of mass media and Social Council on Morals.

It should be said that the success of 2009 was the inclusion of representatives of the Belarusian mass media into the Civil Society Forum, which began its activities in the framework of the "Eastern Partnership" program.

Tendencies:

- selective liberalization of the media sphere together with the preservation of state dominance in the information sphere;
- tension in a narrow segment of social and political mass media;
- continuation of the dialogue Belarus – EU and inclusion of Belarus into the "Eastern Partnership" program expanded the window of opportunities for Belarusian media.

Re-registration results

The new law "On Mass Media" took effect on February 8, 2009. According to the document all Belarusian mass media had to pass re-registration before February 8, 2010. According to the Ministry of Information 1075 printed mass media (713 non-state and 362 state), 212 electronic mass media (154/58) and also 6 news agencies (5/1) were re-registered. 230 printing (179 non-state and 51 state), 17 electronic (5/12) mass media, and also 3 non-state news agencies were not re-registered.

During 2009 – January 2010, 150 new periodicals and 2 news agencies were registered in Belarus. Thus, as of February 8, 2010, the State register of mass media numbers 1439 mass media, including 1209 printed and 230 electronic ones and also 8 news agencies.

As officials from the Ministry of Information underline, non-state mass media occupy two thirds of the Belarusian informational sphere. Usually such quantitative statistics is used to demonstrate the liberal policy of the Belarusian state in the sphere of mass media. However, as was repeatedly mentioned, the majority of these publications is advertising or highly specialized.

According to estimates of experts from the Belarusian association of journalists (BAJ), the only Belarusian public organization that carries out regular monitoring of the state of the Belarusian media sector, there are only nearly 30 social and political printed publications. It is in this narrow sector where various constraints start to be imposed which the Belarusian state uses against independent mass media and which is criticized by independent Belarusian and international observers.

Institutional framework of the Belarusian media sector

An example of such a restriction, in addition to the already adopted law, is decree No. 17, adopted by the Ministry of Information on October 7, 2009. As noted by lawyers of the BAJ the new law "On Mass Media" generally simplified the registration procedure of new media at the expense of liquidation of the norm about the necessary coordination of an editorial office location with local executive authorities. However the mentioned decree introduced a number of additional requirements, in particular correspondence of the editor-in-chief's qualification and an editorial premise to the norms of legislation. As a result of this innovation at least five publications were refused registration.

It could be argued that adoption of this decree promotes the advance of professionalism of mass media and journalists. But the extreme politicization of the relations of non-state social and political mass media with the state practically does not leave any room for such interpretations. Moreover, control of ideological departments over information and accreditation in its Belarusian

form essentially limits journalists' work and taints the image of Belarus abroad. In the rating "Freedom of the Press 2009" by the international organization "Reporters without Borders", Belarus is listed on position 151 among 174 countries and has the status of a state where the situation with press freedom causes "very serious concerns".

The other example of institutional restrictions is presidential decree No. 65 issued on February 6, 2009, which establishes personal responsibility of heads of state structures for working with mass media. In particular, according to the decree the coordination of work of state structures with mass media concerning internal and foreign policy is assigned to the Presidential Administration. Besides, funny cases are known to happen when employees of state structures coordinate the information that they provide to journalists with employees of ideological departments. As a result a journalist's inquiry about the places where it is possible to skateboard can get stuck in the corridors of the executive committee for some hours just to come back with the answer: "it is possible to skateboard everywhere".

It is obvious that decree No. 65 will bring mean that in case of emergency civil servants will not want to take risks and will prefer to play it safe, simply refusing to provide any information. The lack of information and sluggishness of mass media became apparent in autumn 2009 during a flu epidemic when the state and non-state mass media could not cope with citizens' demand for information on the subject. This lack of information provoked the appearance of articles containing sharp criticism in non-state publications, two of which received warnings.

Another example of formal restriction of the work of mass media in Belarus is the institute of journalists' accreditation. BAJ experts repeatedly note that in Belarus accreditation provided by the licensing gives one the general right to work as a journalist, whereas in international practice accreditation authorizes journalists to access information with a certain priority. Both the journalists of publications that are registered and included into the Belarusian distribution network ("Narodnaya Volya") and foreign mass media (TV channel "Belsat", radio station "Racyja") experience difficulties obtaining accreditation.

The best example of the selective attitude of the Belarusian authorities towards social and political mass media is the case of

"European radio for Belarus". On November 11, the Council of Ministers allowed the station to open a correspondent office, after which the Belarusian Ministry of Foreign Affairs accredited 12 employees of the radio station. Since TV channel "Belsat" and radio station "Racyja" received refusals in reply to similar applications, they no often have to do their work in a legally grey area. Nevertheless a month before, in October, the German publishing house "Axel Springer AG" had entered the Belarusian media market with its car magazine *Auto Bild* apparently without any problems.

Public institutions and mass media

In 2009 the institutions regulating or influencing the activity of mass media in Belarus grew when two public organizations were created. The Public Coordination Council (PCC) in the sphere of mass media was created according to point 2 of article 28 of the new law "On Mass Media" by the decree of the Council of Ministers and gathered for the first time on March 26. At the Council session among other things it was suggested to create a uniform code of journalistic ethics which would unite two professional codes existing in Belarus (that of the Belarusian association of journalists and that of the Belarusian union of journalists).

During the following session on June 4, the Council made the decision to address the leaders of the main national distributors of printed publications "Belsoyuzpechat" and "Belpochta" with the recommendation to consider distribution of some non-state publications. At that moment 13 independent editions were excluded from the state system of distribution. As of January 2010, 6 newspapers were still missing both from the catalogue of "Belpochta" and from the newsstands of "Belsoyuzpechat", 5 newspapers and the magazine *ARHE* were distributed either only by "Belpochta" or only by "Belsoyuzpechat" or in a limited area¹.

The Social Council on Morals, the creation of which was initiated by the Belarusian exarchate of the Russian Orthodox Church and the Union of Writers of Belarus, held its founding meeting on July 8. The purpose of the Council is to preserve a

¹ Monitoring data of BAJ

high level of morals and moral responsibility in Belarusian society. The Council also plans to watch the contents of the Belarusian mass media and to fight for "purity of the Internet" as well.

It is necessary to mention that the "public" status of these councils is artificial. The PCC in the sphere of mass media was created by the decree of the Belarusian Council of Ministers and the Council on Morals was founded with the assistance of the Belarusian president, therefore both structures are rather initiatives of the Belarusian state than of society. But as the decisions of both Councils have the character of recommendations the appearance of such institutes can be welcomed. They serve as a platform for dialogue between the state and independent experts and also proved a reason to focus highlight issues and provoke discussion in Belarusian society.

Informal institutions

The initiative "Chisty Bainet" organized by BAJ and the civil campaign "Budzma razam" should be defined as an informal institute for self-organizing journalists active on the Belarusian Internet. The campaign that set the goal to apply professional standards of "traditional" journalism to the Internet started in January 2009. Unfortunately, the initiative did not develop properly: the campaign was openly supported only by a small number of network mass media. It should be noted that a similar initiative of the state news agency *BelTa* on creation of the Association of respectable and responsible publishers on the Internet declared in June 2008, also had not received broad support of Internet publishers.

The conclusion can be drawn that, despite the legislatively uncertain status of the Internet, which creates favorable conditions for self-organizing of the professional community and creation of informal institutions of Internet regulation, Belarusian journalists prefer the traditional dividing lines.

The main institutional watershed is the existence of two professional associations: BAJ and BUJ. As the number of round table meetings held in June and September showed, the representatives of the two organizations can hardly find a common language and only meet due to the intermediary efforts of international organizations such as the Swedish Institute for Further

Education of Journalists FOJO (June) or the Minsk office of OSCE (September). As the contradictions are of a value-ideological nature and are aggravated by the unequal conditions of state and non-state mass media, it is extremely difficult to eliminate disagreement between these two professional associations.

EU factor

Since November 2006 the Belarusian media sector is under special attention of the European Union. Among the 12 conditions set by the EU for improvement of mutual relations with the official Minsk the second point was to guarantee freedom of speech and to respect the right of Belarusian citizens to receive unbiased information. Besides, the EU insisted on removal of obstacles in the work of journalists and in distribution of independent publications, and also on cancellation of articles No. 367, 368, 369 and 369-1 of the Criminal code of Belarus. These articles establish the criminal liability for slandering or insulting the President of Belarus, insulting a representative of the authorities and also for discrediting Belarus.

The requirements of democratization of the media sector are part of the concept "windows of opportunities" which was offered to Belarus by Brussels in October 2008 together with introduction of a moratorium on the visa ban concerning a number of Belarusian officials. In April and November 2009 the EU Council again supported prolongation of the moratorium, having kept the requirement of democratization of the social and political media sphere. In January and April resolutions of the European parliament on Belarus also contained the requirement of democratization of the Belarusian media sector.

Belarusian experts assess this policy of the EU in various ways but agree on the fact that changes in the sphere of the Belarusian mass media have a fragmentary nature and are not irreversible. For example, despite the fact that the new law "On Mass Media" simplified the procedure for registration of mass media it deprives mass media of registration after two warnings from the Ministry of Information (with two warnings that it is on the verge of closing is the newspaper "Narodnaya Volya"). Besides, a number of journalists of the independent mass media repeatedly received refusals in accreditation.

Information policy

On April 1, an important event happened in the eastern direction. The Telecommunication Trade Union (TTU) of Belarus that unites cable operators and broadcasting companies of the republic made the decision to exclude five Russian TV channels from Belarusian cable networks. As a result "Pervyj kanal.Vsemirnaya set", "RTR-Planeta", "NTV-Mir", "TV-Tsentr" and TVCI disappeared from cable TV.

The Ministry of Information explained it by the fact that the Russian channels did not have a license for broadcasting. The TTU directorate also noted that the decision was caused by the desire to protect the domestic TV advertising market during the economic crisis. According to the corrected forecast of *ZenithOptimedia* agency, in 2009 the Belarusian advertising market was expected to decline by 20 % on average, including a 22 % reduction in the sector of printed mass media and television, 10 % in the radio advertising sector, while for the Internet advertising sector a growth of 15 % was predicted².

But the greatest resonance in the mass media, as usual, was caused by a political interpretation of TTU actions: the Belarusian authorities played safe and closed the national informational field from uncontrollable penetration from Russia. Such point of view is proved by the extremely sharp reaction of the top management of Belarus to the first visiting press conference which Russian president Medvedev gave to invited Belarusian journalists on November 23 in Moscow. This event was interpreted in Minsk as an information-political intervention and president Lukashenko named it "an absolutely senseless meeting".

Conclusion

Despite the quantitative variety of the Belarusian media sector the greatest political tension is still observed in the narrow segment of social and political printed mass media (about 30 publications). The destiny of this very segment causes the greatest interest and anxiety of the international organizations with which the official Minsk has to carry on the political dialogue during the last years.

² Data from Marketing.by website

It should be said that in the sphere of mass media the Belarusian authorities carry out the same policy of "selective liberalization" as in the economic sphere, and the changes are also stimulated by the requirements of international institutions, first of all EU structures. Therefore, the inclusion of representatives of Belarusian mass media into the Civil Society Forum which began its work in the framework of the "Eastern Partnership" program was without doubt the biggest success of 2009. As a result, the representatives of Belarusian independent mass media acquired additional leverage to influence the internal political situation.

In 2009 the number of state and public institutions influencing the development of the Belarusian media sector (the Ministry of Foreign Affairs, supervising the accreditation of foreign mass media, Public Coordination Council in the Sphere of Mass Media and Social Council on Morals) increased. On the one hand, it created a number of legal and informal obstacles for state and non-state mass media (Statute of accreditation for foreign mass media, decree No. 65) which, for example, in a situation of desperate lack of information can lead to conflict between mass media and supervising structures. On the other hand, the activity of new public institutions creates additional opportunities to get information and raises the interest of the Belarusian citizens in mass media.

BELARUSIAN MEDIA ONLINE: USERS, STRUCTURE, LEGISLATION AND REGULATION

Marina Sokolova

Summary

By 2010 the number of Internet users reached 30% of the Belarusian population. As research findings show, social and political resources make up nearly 50% of all online media, which is twice as much as the printed media. State institutions are the only “regulator” of the Internet and online media sphere in Belarus. Not solely because of the illiberal regime, but also due to the reactionary stance of public organizations, which ignore the window of opportunity to influence national policy in this sphere. By the end of 2009 online media regulations remained insignificant, though “sleeping” norms of the laws and regulatory acts adopted in 2008- early 2010 could be used as legal ground for tightening control and censorship on the Internet.

Tendencies:

- the number of the Internet users grew due to infrastructure development, lower costs of broadband access and mobile Internet development;
- news websites of professional journalists and multi-purpose portals are dominating, but metajournalism did not become a significant element of the Belarusian online landscape;
- national policy on information and informatization is focused on defining priorities and developing “tough” legislation in the sphere of Internet media regulation;
- Belarusian legislation initiatives are still developed outside global initiatives and discussions about Internet governance in general and online content in particular.

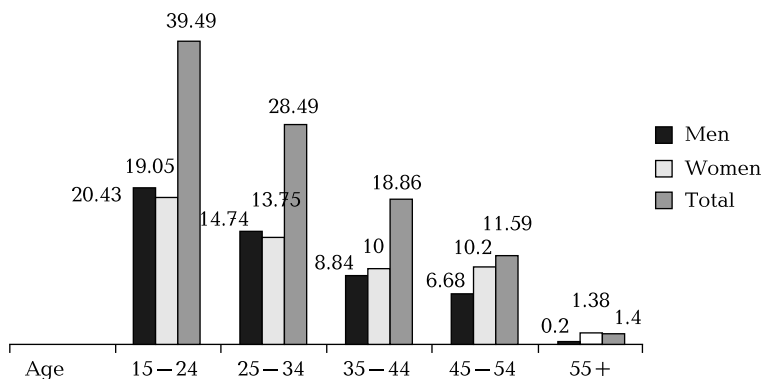
Internet audience

At present, Belarus counts slightly over 3 million Internet users, which make up one third of the country's population¹. Statistical data provide an outline of the “average” Internet user: a male under 25 with higher education, lives in Minsk region and uses broadband Internet, mainly at home. His main activities on the Internet include:

¹ Bynet in Close-Up: http://neg.by/publication/2009_06_26_11604.html; gemiusAudience Research 01/2010.

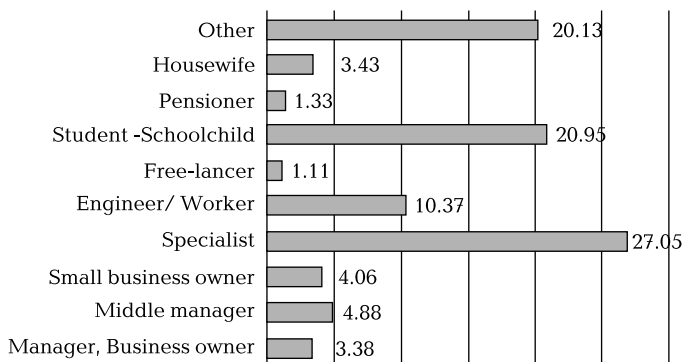
sending and receiving e-mails, social networks, information search for weather forecast (1st place in tut.by Top-10 search queries), jobs, buying and selling goods and services, exchange rates, lottery, erotica (10th place) and pornography (2nd place)².

Figure 1. Age groups and sex distribution of Internet users (%)



Source: *gemiusAudience* 01/2010

Figure 2. Occupation distribution of Internet users (%)



Source: *gemiusAudience* 01/2010

² Belarusian Portal TUT.BY Sums Up Search Results of the Old Year: http://mc.by/internet/article/2009-12-24/Belorusiskij_portal_TUT.BY_podvodit_poiskovyie_itogi_uhodjaschego_goda/

One third of those who visit social and political news sites are young people aged 15–24 (about 16% of views). But the most active users of news resources are people aged 35–44 (21% of users) who make up the largest part of all views (see Table 1).

Table 1. Composition of visitors of social and political information sites

| Age | % of all users | % of all views |
|-------|----------------|----------------|
| 15–24 | 33.77 | 15.71 |
| 25–34 | 28.53 | 23.50 |
| 35–44 | 20.98 | 29.37 |
| 45–54 | 14.81 | 26.55 |
| 55+ | 1.91 | 4.88 |

Source: *gemiusAudience* 01/2010

Up to 45% of all news sites' visitors are Minsk residents. The analysis of "information preferences" across regions shows that *digital life style* (onliner.by) and news analysis (naviny.by) draw most attention in Minsk region, whereas in other regions "digital life style" and related news capture much less attention (see Table 1). Only a very small part of Internet users visit more than one news resource.

Online media

Different services based on the World Wide Web and its latest modifications Web 2.0 and Web 3.0 stimulated development of new mass communication models, which require that traditional understanding of mass media be revised. In this situation the fact that the online media position themselves as such could be the most efficient criteria to define them (if they are not the Internet version of a printed edition). Formal indicators of this could be the following: key words in the name; creators' indication that they identify themselves and their resource with activities similar to functioning of a mass medium ("interview", "information source", "report", "news", "editor"); technologies promoting the website as a mass medium; the description of the resource's organizational and legal status, which is usually presented in "about us" or "about the project" sections.³

³ Lukina, M., Fomicheva, I. (2005). Mass Media on the Internet: <http://evartist.narod.ru/text19/034.htm>.

The Belarusian media landscape is still to undergo analysis. Suffice it to say that different catalogues and media directories provide different data on the number of resources in the section "News and Mass Media". For example, akavita.com includes 467 news resources⁴, eBelarus.org nearly 480⁵, the all.by catalogue 561⁶.

Main Belarusian catalogues and rating systems hold it that the online versions of the offline resources (including electronic ones) make up less than a half of the latter: from 32% (all.by) up to 49% (akavita.com). All 7 Belarusian information agencies have their "online representations": Vladimir Grevtsov agency <http://www.grevtsov.by/>; Minsk-News agency <http://www.mk.by/>; BelaPAN <http://www.belapan.com/>; BelTA <http://www.belta.by/>; Interfax-West <http://www.interfax.by/>; News Release agency <http://www.afn.by/>; Prime-Tass agency <http://www.prime-tass.by/>. More than half of Belarusian broadcasting companies have their websites, FM radio stations have the largest representation (10 out of 12)⁷. Internet-radio and Internet-TV are quite noticeable in the Belarusian media landscape; they make up 7% of all electronic media⁸.

It should be noted that, roughly estimated, social and political resources make up nearly 50% of all online media, which is twice as much as in the printed media.

Due to absence of any clear definition of the online media, their classification principles remain debatable. Researchers usually resort to the following working classification of online media: online resources created by professional journalists (including media portals); news catalogues and aggregators; special resources for quality analysis and monitoring of online resources (metajournalism), civil journalism.

Analysis of the online media indexed by Belarusian rating systems shows that news sites of professional journalists and multi-purpose portals are the most successful formats (for example, tut.by, bymedia.net, np.by, mass.by). They make up both the major

⁴ Akavita: http://top.akavita.com/Mass_Media_and_News/

⁵ eBelarus.org: <http://www.e-belarus.org/links/media.html>.

⁶ Open.by: <http://all.by/0701.html>.

⁷ Rough Estimation. Sources: <http://baj.by/m-bajPB-viewAll.html>; http://catalog.akavita.by/Mass_Media_and_News/Television/; <http://www.e-belarus.org/links/media.html>; <http://www.mininform.gov.by/rus/smi/>

⁸ eBelarus.org: <http://www.e-belarus.org/links/media.html> e-belarus.

part of the Belarusian social and political online media and top-10 of the most visited websites in this category (see Table 2). Onliner.by also made it into this top-10; though it has not been indexed by the two previous resources, its audience is 1.5 times larger than that of the online version of "Komsomolskaya Pravda", gemiusAudience reports.

Table 2. Top-10 of informational, social and political websites

| | http://top.akavita.com/ | http://all.by/rating/rate_d_sb_1.html |
|----|---|---|
| 1 | Tut.by | Onliner.by |
| 2 | Komsomolskaya Pravda v Belorussii ("Komsomol Pravda in Belarus") (kp.by) | Komsomolskaya pravda v Belorussii ("Komsomol Pravda in Belarus") (kp.by) |
| 3 | Belarusian Telegraph Agency (www.belta.by) | Charter-97. News from Belarus (www.charter97.org) |
| 4 | Belorusskiye novosti ("Belarusian news") (naviny.by) | Belorusski Partizan ("Belarusian Partisan") (http://www.belaruspartisan.org) |
| 5 | Charter-97. News from Belarus (www.charter97.org) | Belorusskiye novosti ("Belarusian news") (naviny.by) |
| 6 | Agenstvo finansovykh novostey ("Financial news agency") (http://www.afn.by/) | Belarusian Telegraph Agency (www.belta.by) |
| 7 | Belorusski Partizan ("Belarusian Partisan") (http://www.belaruspartisan.org) | Agenstvo finansovykh novostey ("Financial news agency") (http://www.afn.by/) |
| 8 | Belarus Segodnia ("Belarus today") (www.sb.by) | Salidarnasc ("Solidarity") (www.gazetaby.com) |
| 9 | Narodnaya Gazeta ("People's newspaper") (www.ng.by) | Belarus Segodnia ("Belarus today") (www.sb.by) |
| 10 | Salidarnasc ("Solidarity") (www.gazetaby.com) | Belarus Segodnia ("Belarus today") (www.sb.by) |

Multi-purpose portals become more widely spread with wider possibilities for broadband Internet access. Together with community discussion websites they dominate regional online news resources, but their number of users is still one of the lowest. The media landscape of a district town comprises a local state newspaper (about 47% of such newspapers have an Internet version), 1 or 2 private ones (entertainment, advertising), and, in most cases, a town portal or/and a community discussion website⁹.

⁹ Resources: district and regional executive councils' websites <http://belpost.by/services/subscription/>; baj.by; <http://info.21.by>

According to the media directory eBelarus.org, *news catalogues* (e.g., all.by, akavita.com, 21.by, blog catalogue <http://blog.inf.by>, et al.) and *news aggregators* (e.g., akavita.news, news2.0, informer.by, get.news, press.net.by, et al.) make up 8% of all the news online resources. Civil journalism has nearly the same rate: 101blog.net; Narodniye novosti Vitebska ("Vitebsk people's news"): news.vitebsk.cc; Indymedia Belarus: <http://belarus.indymedia.org>; iBelarus.net: <http://www.ibelarus.net>; Budzma! ("Let's be!"): <http://www.budzma.org>; Release.BY¹⁰.

Metajournalism, defined as rating and reputation online resources created by professional journalists to analyze and monitor the quality and objectivity of online media, to assess prospects of efficient content usage, has not become a significant element of the Belarusian online landscape so far. Even if these topics are raised, quite sporadically, they are on the periphery of discussions of Belarusian journalists (http://community.livejournal.com/paparazzi_by/, http://community.livejournal.com/reporter_by) and professional journalist associations (Belarusian Association of journalists baj.by, Belarusian Union of Journalists <http://www.buj.by>). True, it gives hope that standards of web journalism are actively discussed, for example, within the students and professors' community of the Institute of Journalism of the BSU (Yousmi Web-Journalism Award¹¹, the Internet newspaper <http://www.websmi.by>, where "students of the BSU jourfac (shortened from "journalism faculty") are mastering web journalism").¹² Such projects as Miodzieiowa Akcja Multimedialna ("Youth Multimedia Action")¹³ – Belarusian part of the project: <http://elekcyi.org/by/>; <http://newmedia-era.livejournal.com> – also touch upon these issues. The Deutsche Welle Academy and Minsk International Educational Centre

¹⁰ eBbelarus.org: <http://www.e-belarus.org/links/media.html>.

¹¹ Director of the Institute of Journalism of the BSU Sergei Dubovik: „Web journalism is our future and we will be working on it“ (23.02.2010): http://belapan.by/archive/2010/02/23/media_jourfac_v/

¹² It is significant that none of the professional journalist organizations was invited as a founder of Yousmi Web Journalism Awards 2009.

¹³ An international project (Poland, Belarus, Ukraine) offering support to schoolchildren and youth in newspaper creation using new technologies and pre-made layouts. It is based on two portals: www.mammedia.org, www.elecyci.org.

under the aegis of Konrad Adenauer Foundation organize seminars on online journalism.

The above mentioned peculiarities of the media landscape, where offline journalism practices are dominating, allow us to single out three characteristics of the Belarusian online media: focus on topicality (update) and multi-media at the expense of hypertextuality; narrow understanding of interactivity; underestimation of metajournalism. *Hypertextuality* is almost disregarded as a strategic characteristic of the online media. It is significant that Ales Lipai, director of the privately owned information company BelaPAN, mentioned "responsiveness, creativity, interactivity, and multi-media"¹⁴ among the criteria that will be determining Belarusian the development of Internet resources.

Regulation and legislation

The state informatization policy presupposes that state institutes cooperate with civil society to work out national priorities of informatization, which is regarded as "a multi-faceted process including organizational and technical, regulatory, techno-economic, and socio-cultural components".¹⁵ The Internet Governance Forum under the auspices of the UNO¹⁶ defines Internet governance as "the development and application by Governments, the private sector and civil society, in their respective roles, of shared principles, norms, rules, decision-making procedures, and programs that shape the evolution and use of the Internet"¹⁷. An argument for developing such procedures can be derived from the global character of the Internet, which often makes "hard laws" ineffective and calls for both "soft laws" and different forms of self-regulation and co-regulation.

National information and informatization policy is focused on defining priorities and development of "hard laws", whereas

¹⁴ Bykovsky, P. An Integral Feature of the On-Line Media (14.03.2010): <http://www.tor.cn/dw/article/0,,3402631,00.html>.

¹⁵ Maliyevsky, N. Ilyina, M. State Information Policy and Mass Media. Minsk: The Academy of Public Administration under the aegis of the President of the Republic of Belarus. 2009. P. 27.

¹⁶ Internet Governance Forum: www.intgovforum.org/

¹⁷ Kurbaliya, Y., Gelbstain, E. (2005) Internet Governance: Problems, Entities, Barriers. Moscow, MGIMO Internet Policy Centre. P. 13.

international practice emphasizes principles and procedures of making decisions on Internet usage in different spheres.

We should point out that neither the government nor civil society in Belarus take part in discussions of such issues on a global level. In particular, Belarus took part at none of the Internet Governance Forum meetings, Belarusian government structures are not represented in the ICANN Government Advisory Committee. The Forum's activities receive no coverage in Belarusian mass media.

As a result, the agenda of online media regulation issues is determined, on one side, by the government that continues to implement informatization policy dating back to the 1991 law on informatization, and, on the other side, by liberal opposition representatives and civil society organizations that focus on traditional views on freedom of speech from the epoch of printed press and television. Thus, the actual global context of online media regulation escapes the attention of the Belarusian public. The problem of copyright on the Internet can serve as an example. Journalists' concern for observance of this right is easy to understand. In 2008 a campaign "For Clear Bynet" was launched to work out "a mutually accepted mechanism for treating another's content"¹⁸. It is significant that neither localization of the "creative commons" license nor the conception of fair use of information were discussed in the framework of this campaign. Any private or state initiative in protecting the consumer from harmful content is taken very negatively by the liberal public, which causes the situation when the authorities and associations of professional journalists cannot cooperate either in content control or in implementation of users' media education projects. It tells a tale that the Belarusian press, including the online media, practically ignored Safe Internet Day, which is part of the global program safeguarding users' security¹⁹.

As we can see, state institutions are the only "regulator" in the sphere of the Internet and online media in Belarus, which is not only because of the illiberal regime, but also due to the reactionary

¹⁸ "Clear BYNET": On the Problems of Journalistic Ethics on the Web (June 4, 2008): <http://baj.by/m-p-viewpub-tid-1-pid-5010.html>.

¹⁹ Bykovsky, P. Safe Internet Day on Bynet (February 10, 2010): <http://www.tor.cn/dw/article/0,,5235555,00.html>.

stance of public organizations, which ignore "windows of opportunity" to influence national policy in this sphere. That such possibilities exist can be inferred from the fact that active public's protests against introduction of the online media registration system have produced an effect so far. We should note that Belarusian state institutions involved in online media regulation often face serious obstacles in their legislative activities. In the first place it refers to the definitions of *media* and *mass media*, delimitation of notions *mass means of communication* and *personal information* online. But in their attempts to resolve these discrepancies Belarusian lawyers tend to borrow the corresponding norms from legislation systems of Russia, Ukraine and Kazakhstan²⁰ rather than to participate in the European dialogue²¹ concerning these most problematic legal conflicts.

At present Belarusian online media are regulated by the following legislative acts:

- law on information, informatization and information protection (2008)²²;
- law on mass media (2008)²³;
- Presidential Ordinance № 60 *On measures for improvement of the national Internet segment usage* (2010)²⁴;

²⁰ Karnei I. Zimouski: The Stronger State, the Less Concern for the Internet (03.02. 2010): <http://www.svaboda.org/content/article/1947100.html>; Investigation and Analysis Centre: the Ordinance on the Internet regulation has been developed "with concern for people" (02.02.2010): http://naviny.by/rubrics/computer/2010/02/02/ic_news_128_325353.

²¹ A new notion of media? Political declaration and resolutions. 1st Council of Europe Conference of Ministers responsible for Media and New Communication (28 and 29 May 2009, Reykjavik, Iceland): [www.coe.int/t/dghl/.../media/MCM\(2009\)011_en_final_web.pdf](http://www.coe.int/t/dghl/.../media/MCM(2009)011_en_final_web.pdf)

²² Law of the Republic of Belarus On information, informatization and information protection of November 11, 2008 № 455-3: http://www.tamby.info/zakon/zakon-455_2008.htm; International Expertise Of The Belarusian Draft Law On Information, Informatization and Information Protection: <http://www.e-belarus.org/article/infolaw.html>

²³ Law of the Republic of Belarus On mass media of July 17, 2008 № 427: <http://www.mininform.gov.by/documentation>; The New Law on Mass Media: Examination: <http://baj.by/m-p-viewpub-tid-12-pid-5.html>.

²⁴ Presidential Ordinance № 60 of February 1, 2010 On measures for improvement of the national Internet segment usage: <http://www.mininform.gov.by/documentation>.

- Regulation of the procedure of cooperation between the mobile operators and KGB and IAC (Investigation and Analysis Centre) (2010)²⁵;
- Information Society Development Strategies up to 2015 (the project published in 2009).

In 2009, within the framework of the Electronic Belarus program, the Project of the Information Society Development Strategy up to 2015 was developed²⁶. The government, health care, education, employment, social welfare, economy, trade, mass communication and electronic content systems were named priority spheres for information and communication technologies implementation²⁷.

Both the ordinance *On measures for improvement of the national Internet segment usage* and the law *On information, informatization and information protection* have a "framework" character and presuppose that a large number of regulatory acts be adopted. Under the current illiberal regime there is a serious danger that provisions of the ordinance will be treated as repressive towards the online media, the Internet users or will entail extra expenses on the part of the providers of Internet services²⁸.

Sergei Alfer holds that *Regulation of the procedure of the cooperation between mobile operators and KGB and IAC* "is more an technical act that, according to the corresponding law, supports investigation and search operations related to the Internet infrastructure and content and does not impose extra restrictions of citizens' rights and freedoms"²⁹. On the other hand, a number of paragraphs of the *Regulation* contradict the European practice

²⁵ Regulation of the procedure of cooperation between the mobile operators and KGB and IAC (Investigation and Analysis Centre) approved by the ordinance №129 of March 3, 2010 r.: <http://telegraf.by/2010/03/polnijn-tsekt-polozhenija-o-dostupe-k-abonentskim-bazam-operatorov-svjazi.html>.

²⁶ Chumakova T. Project of the Information Society Development Strategy up to 2015 has been Developed in Belarus (2009.11.16): http://www.belta.by/ru/main_news_other?id=449571.

²⁷ Litvinova D. Bynet Development was Determined by *Delovoi Internet* ("Business Internet") (2009.10.23): http://neg.by/publication/2009_10_23_12181.html.

²⁸ Ibid.

²⁹ Alfer S. The Right for Interference (2010.03.09): <http://nmnby.eu/pub/1003/09j.html>.

described in two documents: the Convention on the Protection of Individuals with regard to Automatic Processing of Personal Data, which is open for signing since 1981³⁰, and the Declaration on freedom of communication on the Internet adopted by the Council of Europe (2003).

The latter document calls upon all countries to provide access to the Internet for all citizens and proposes 7 main principles that would guarantee freedom of information on the Internet: not to subject content on the Internet to restrictions; to encourage self-regulation or co-regulation of the content; not to apply blocking and filtering measures, or registration schemes; not to impose on service providers an obligation to monitor content that they transmit or store; to guarantee the right for anonymity.³¹ It should be noted that despite the fact that Belarus has not signed either the Convention on the Protection of Individuals with regard to Automatic Processing of Personal Data or the Convention on Cybercrime³², which are complimentary to each other, the *Regulation of the procedure of the mobile operators' and KGB and IAC cooperation* mentions that only the latter document should be signed.

Taking into account everything said above we can state that at present there is little regulation of the online media, though "sleeping" norms of the recently adopted laws and regulatory acts could be used as legal ground of tight control and censorship of the Internet.

³⁰ Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data: conventions.coe.int/.../Treaties/Html/108.htm.

³¹ Declaration on freedom of communication on the Internet and explanatory note. Adopted by the Committee of Ministers of the Council of Europe on 28 May 2003: www.coe.int/.../Freedom%20of%20communication%20on%20the%20Internet_en.pdf.

³² Convention on Cybercrime CETS No.: 185: <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?NT=185&CL=ENG>.

EDUCATION: NO PROBLEMS, OR SELF-DETERMINATION THE BELARUSIAN WAY

Svetlana Matskevich

Summary

In 2009, education in Belarus was in a state of incomplete self-determination. The educational reform begun in the 1990s was brought to a close, its results were hardly discussed and new ideas and concepts of development were not suggested. At the same time the readiness to start “Europeanization” of education within the framework of the Bologna process was announced.

The educational playing field is unaltered: the main player is the state. The project of *the Educational Code*, adopted at the first reading is an official-instructive document directed at strengthening the position of the state in educational administration and total control over the activity of educational institutions of all types and levels. The question about how to take educational development to the next level still demands an answer, but is not included in the educational policy agenda and in the general state policy.

Tendencies:

- Quantitative indices of the education system remain satisfactory while positive dynamics of educational quality is absent;
- The state dominates the educational sphere unchallenged;
- New initiatives in the sphere of informal education were declared;
- Imbalance between the educational system and the labor market remains;
- The course of “Bolognization” of education has not been reflected in any way in the state policy in this sphere.

From the levels of education to problematic management

The system of the Belarusian education consists of “levels” that include preschool, elementary school, vocational technical training, specialized secondary, higher and postgraduate education.

According to statistical data, in comparison with the academic year 2008/2009 the number of educational institutes decreased by 85 (2.2%), including elementary schools (by 8), basic schools (by 73), secondary schools (by 20 schools). The reduction of educational institutes is partly caused both by the demographic factor: the general contingent of pupils decreased by 74,790

people, or by 7.1%. Another factor is political: in order to execute presidential decree No.15 of July 17, 2008 "On separate questions of the general secondary education" the system of general secondary education should provide a transition from a 10-year term to a 9-year term of the general basic education and from a 12-year to a 11-year term of the general secondary education.

In 2009 the number of students in technical training colleges increased by 6.7 thousand in comparison with 2008. The total number of students at this level is 105.7 thousand people. The contingent of those with secondary vocational education was 166.7 thousand people strong (in 2008, 158.2 thousand); in the academic year 2009/2010 there were 430.4 thousand students at institutes of higher learning (in 2008/2009, 420.7 thousand).

In the state education system the year 2009 passed under the slogan of optimization of the system as a whole, the growth of export of educational services as well as the share of paid services in vocational training. The number of educational institutes was about 9 thousand with more than 2 million students attending them. In the educational sphere of Belarus 450 thousand people work, including over 230 thousand of pedagogical staff.

What does education system optimization mean? Most likely, this process consists in reformatting and renaming educational institutes. So, according to the Ministry of Education, in 2009, 109 preschool centers were reoriented into preschool development centers and sanatorium preschool centers; 713 groups became special sanatorium groups and offices for corrective-pedagogical help. 7825 groups, attended by some 132.5 thousand children are reorganized (most of the groups, 1482 groups, are in Minsk).

According to the report of the Ministry of Education new forms of organization are introduced in preschool centers with a short-term stay (from 2 to 7 hours) of children (there are 1247 such groups; in 2008 there were 347). The number of grammar schools grew by 16 units. The number of lyceums decreased. A network of educational-pedagogical complexes (kindergartens) develops. From 973 educational institutions of this type, 945 (97.1%) are located in rural areas.

At all levels of the system of vocational training there is no observable increase in the number of educational institutions. The processes of renaming and optimization has nearly stopped. The priority in this sphere is attracting foreign citizens for training in

Belarusian universities. In 2009 at institutions of higher learning of Belarus 9,048 foreign citizens from 84 countries were trained (in the academic year 2008/2009 – 7,537, in 2007/2008 – 6568 people). This mobility rate of students can be considered high if compared with the neighboring countries which entered the EU – Latvia, Lithuania and Estonia. But these numbers are tiny when to international mobility data in developed countries, for example, Germany.

Table 1. Mobility of students (2007)

| | The number of students who study abroad (in person) | The share of students who go abroad, per cent of the total number | International mobility (in persons) |
|----------------|---|---|-------------------------------------|
| Belarus | 14 802 | 3 | 4 423 |
| Czech Republic | 7 361 | 2 | 24 483 |
| Estonia | 3 245 | 5 | 966 |
| Latvia | 3 858 | 3 | 1 433 |
| Lithuania | 6 762 | 4 | 1 901 |
| Poland | 32 887 | 1 | 13 021 |
| Ukraine | 26 727 | 1 | 29 614 |
| Germany | 77 516 | — | 206 875 |

Source: UNESCO, <http://stats.uis.unesco.org/unesco/>

At the level of post-gradual pedagogical education, regional institutes for improvement of professional skills are renamed institutes of educational development. However it is unclear how much this reorganization of the system of improvement of professional skills actually changes the content and the quality of education.

The statistical review of the education system according to the accepted "level" criteria is obviously insufficient for understanding the problems in this sphere. It is hard to assess the management and decision-making activity behind all the numbers on various educational institutes. The same holds true for reaching conclusions about the human potential of Belarus.

The Ministry of Education does not describe the educational sector in terms of segments (based ownership (state and private) or on type (adult education, continuing education, etc.) for the purpose of analysis and estimations. We will try to compensate the lack of segment description of the education system.

Private education

It can be said with confidence that in Belarus a system of private education has been created and it functions at all levels. Though for the last decade the quantity of private educational institutions has not increased.

It is impossible to consider private educational institutes completely independent from the state. The heads of private institutes of higher learning are appointed by the Ministry of Education. The state continues to supervise private educational institutes and regulates their activity through accreditation and licensing procedures as well as through the tax system. There is no system of grants and state investment into the private education sphere.

The number of the private schools providing general secondary education in 2000 was only 15 with 1104 pupils and by 2009 it decreased to 9 with 586 pupils. The number of day schools of the state pattern of ownership in 2009 was 3656 with 996,077 pupils.

The number of graduates of private professional educational institutes (10 special secondary educational establishments and 12 universities) in 2000 was only 11.5% of the total number of graduates of universities and 9.9% of graduates of special secondary educational establishments. A substantial growth of the number of students of private universities and special secondary educational establishments was observed in 2003 (approximately by 20 thousand). After that their quantity remained the same until 2009. The basic profiles of preparation in private educational institutions are economics, law and the humanities.

Business education

During 15 years of independence a system of independent business education was created, where short and medium term preparation in many business directions (especially in the field of management and human resources management) takes place. To estimate the scale and the results of business education in non-state structures quantitatively and qualitatively is not possible, due to the lack of exact statistical data. The growth of such structures can only be assessed by advertising and website reports¹. Against the

¹ TUT.by: <http://jobs.tut.by/staff-agencies.phtml>; <http://www.ipm.by/>; <http://www.krconsult.org/about/aboutus/1.html>.

background of the structure of business education only two establishments have MBA programs: the Institute of Privatization and Management and the Institute of Business and Management of Technologies at the Belarusian State University².

Expenses for education

According to national statistics, in 1998 – 2004 expenses for education fluctuated within 6.1 – 6.6% of GDP. From 2005 till 2008 there was a decrease in expenses for education from 6.4 to 5.15% of GDP. However, the decrease in state expenditure on education was successfully compensated by the organization of the study-for-fee form of education. Thus the payment of the population for educational services comprised the greatest part of incomes of the state universities. In 2009 the number of the students paying a tuition fee at state universities was about 61% of the general number of students; in special secondary educational establishments this figure was about 50% (Fig. 1, 2).

Fig. 1 Distribution of students according to the forms of tuition fee at state institutes of higher learning (2009)

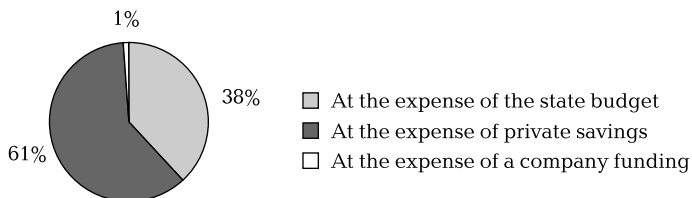
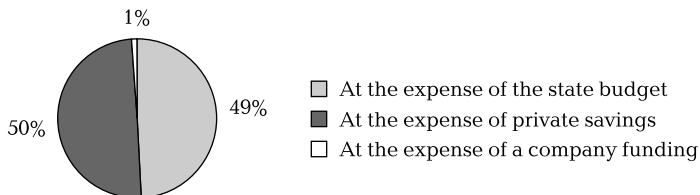


Fig. 2 Distribution of students according to forms of tuition fee at institutions of specialized secondary education (2009)



² <http://www.sbmt.by>

The citizens of Belarus prefer study-for-fee education in state educational institutions, although the cost of services in private and state universities and special secondary educational establishments is practically the same. Public opinion consistently holds that in private educational institutes the quality of education is lower than in state educational institutes. State universities and special secondary educational establishments are aware of the market situation and try to fix this through enrollment rules in professional educational institutes. The entrants who have not passed either free or for-profit branches of state educational institutes have the possibility to apply to private educational institutions where the entrance procedure starts later. As a result, the students who are enrolled in private educational institutions are those left over.

Providing secondary education for everyone in Belarus means a huge demand for educational services of professional educational institutes. Consumers of educational services focus on obtaining a diploma that guarantees future social status. Pragmatism and clear orientation on future labor activity are sidelined. The demand for education formed in such a way is not helpful in qualifying the population for professional life and leads to a level of trust in the existing educational system that is unjustified.

The state successfully supervises this situation, hoping to benefit financially. Using administrative, legal and financial mechanisms, it directs these investments mainly to its own sector of education instead of a private one, continuing to control the content and quality of specialists' preparation. Such system of regulation considerably constraints the expansion of the sphere of educational services and market formation, and it also limits the independence of educational institutions both in state and private sectors.

Informal education

In the system of informal education of Belarus, statistical research and the calculation of the number of students are not carried out so widely. But the system of informal education created during the years of independence in many respects sets trends for innovation in education and compensates the performance of those functions which are not carried out by state education. Informal

education includes confessional education performed by churches; secular education performed by third sector structures; intellectual and scientific education; business education etc.

Some initiatives of informal education which according to their organization and activity are typical NGOs do not refer to this sphere and identify themselves differently³. On the website NGO.by, 432 educational and 383 professional organizations are registered.

2009 became the year in which new educational initiatives from private and non-governmental organizations were announced. At least three initiatives were declared publicly, the beginning of their realization was started.

1. Agency of humanitarian technologies (AHT) – the Center of Social Innovations (CSI) with a group of partners (Fund of L. Sapeha, the Fund of legal technologies, consortium “EuroBelarus”, etc.) declared the start of the long-term program creating a university. Since September, 2009 on the platform of AHT-CSI a methodological seminar was held on working out of *the idea* of a university⁴, and in December substantive provisions of the new *Concept of university* were presented to public⁵. The future university is seen by the authors of the Concept not only as an educational establishment but – and first of all – as a place of cultivation of national and project elites and cultivating a modern way of thinking.

2. In December the initiative for the preparation of an economic elite of Belarus was announced on the basis of a Belarus economic research and educational centre which was created in Kiev as a joint project of KSE, KEL, EERC and SITE, financed by SIDA and USAid through the *Eurasia Foundation*⁶. At the beginning of 2010 there was a call for post-graduate students on the module “Macroeconomics”. Training will be conducted in English.

³ By the end of the 1990s NGOs began to be secretly subdivided into pro-state and “real” ones.

⁴ http://www.methodology.by/index.php?option=com_content&task=view&id=409&Itemid=35

⁵ Experts: not a single Belarusian institute of higher learning has a right to be called a University: http://zautra.by/cont/cmt_see.php?sn_nid=5505&sn_cat=19&cmt_art_id=5505&cmt_art_cat=19.

⁶ <http://www.beroc.by/rus/events/e5e3a0639e6c3a80.html>

3. Belarusian Collegium (A. Antipenko, V. Akudovich, etc.) announced the start of a new project on creation of a Belarusian-American University. The idea behind the project is not quite clear; the orientation is said to be on improving the quality of education and training abroad. The first steps on recruiting of Belarusian students were made⁷.

Educational programs of non-governmental organizations (*Solidarity*, *POST*, the *Belarusian association of journalists*, *Rada*, the *Third sector*, *VIT*, *Focus group*, *AKT* etc) continue to function and develop. Initiatives on developing distant education are announced. Thus, the field of educational initiatives, especially university ones, looks quite varied and modern, settling down in European and global trends in educational innovation. However, there are some problems which interfere with the realization of these ideas.

Why do the ideas of classical and elite education start to arise in the sector of non-governmental organizations which have neither traditions nor experience in university education? This is explained only by the fact that for the last decade a considerable and most progressive part of the specialists were superseded (or marginalized) from the sphere of state education into the sector of NGOs.

Meanwhile the "fading" of the political processes in a natural way generated a zone where it is possible to test these ideas, which seemed fantastic ten years ago. In this situation the competition within the non-state sector itself becomes a serious problem as a result of which development processes are restrained by personal ambitions and poor communications.

In many respects the skepticism about creating an independent university is connected with limited resources and state counteraction. Aggressive reaction from the state can be extinguished by the external factor that the European structures represent. The program "Eastern Partnership" becomes an important and attractive orientation in the Belarusian state policy⁸.

⁷ <http://baj.by/belkalehium/study.htm>

⁸ Yegorov A., Vodolazhskaja T *Policy Paper: AGT – EuroBelarus: agenda for Forum of the civil society*: <http://eurobelarus.info/content/view/3552/53/>;
<http://eurobelarus.info/content/view/3611/53/>

In its turn, representatives of Belarusian NGOs, actively participating and being the leader in creation of the Civil Society Forum, laid the organizational foundation for inclusion of the third force — the independent expert structures, the non-governmental organizations in the bilateral negotiating process between Europe and the government of Belarus⁹. Estimating this tendency as positive, we consider it to be insufficient for strengthening of independent educational organisations in Belarus.

Bologna process: forecasts come true

In 2009 it was officially stated that Belarus prepared for joining the Bologna process. The majority of experts regard this decision as positive and important, though quite belated¹⁰. Experts agree with the general statement of the question, but express concern that the coordination with the principles and norms of the European education will pass on a formal instead of a substantial level.

Minister of Education A. Radkov stated that joining the Bologna process wouldn't touch the ideological and substantial framework of Belarusian education. But this is the main problem causing the rapprochement of the systems of higher education of Belarus and Europe. Despite the statistical achievements in the sphere of higher education it will be very difficult to reach conformity with the basic principles of the Bologna process. The introduction of a two-tier system of preparation and credit test indicators is only a question of time and technology.

The main problem consists in conformity of Belarusian institutions of higher learning to the key principles of the European education:

- guaranteeing of the necessary *quality of higher education*, mutual recognition of qualifications and corresponding documents in the sphere of higher education;
- attributing "the European perspective" to higher education (orientation to *the all-European values*) and increase of appeal, competitiveness of European education;

⁹ Silitsky V. Forum of civil society of the European Partnership: next steps: www.belinstitute.eu.

¹⁰ See: http://belapan.com/archive/2010/02/08/eu_eu1928/

- guaranteeing of *academic freedom* for universities;
- formation of a *democratic* scheme of managing education.

2010 was declared the *Year of quality* by the government. The public discourse on this question is in most cases reduced to discussing parameters of quality of education instead of procedures and estimation methods. The biggest problem which the Belarusian government will face at demonstrating the quality of preparation at university is guaranteeing the independence of international and national examination.

The quality problem starts to be realized by the officials not only because it is fashionable now to do so, and due to the requirements ordered by the Bologna declaration. The main impulse comes from within – from the labor market. For introducing innovations in production and carrying out necessary reforms in the political and socio-cultural sphere, experts and managers with complex qualification are required. Professionals, who not only know the subject, but also capable to lead negotiations, correctly analyze the situation, project and program the future, and make operative and long-term decisions.

Unfortunately, training of managers and economists is still carried out according to the principles of natural science (industrial) instead of humanitarian principles. So, in 2009 the number of graduates at universities on economic specialties was 22,512 people, on humanitarian universities 2,660 (8.5 times less). Gradual curtailment of humanitarian preparation and reduction of its contents to ideological directions makes it hard to get people who are able to perceive new ideas and carry out changes in the country. The level of functional literacy of the population causes as much anxiety.

The analysis of economic, demographic and political factors shows that there are no good reasons for starting reform of higher education in Belarus today.

Education and labor market: no changes

Official statistical data allow the conclusion that the number of graduates of professional educational institutions badly coordinates with the registered need for personnel on the labor market. Basically the number of specialists with higher education

increases and there is a need of personnel of working specialties with lower qualifications.

According to the Ministry of Education among almost 1000 jobless graduates 83.4% are those who were trained at the expense of off-budget means, out of them 350 are economists, 170 are lawyers and 162 are teachers. But the demand of the population for economic and juridical specialties at the entrance to universities continues to remain high. Educational establishments, especially universities, appear in the situation when on the one hand there is a great demand for services of education from the population, but on the other hand, the labor market cannot absorb the already existing stock of qualified people in those directions where there is demand for education.

The mismatch between the education system and the labor market is partially overcome by the regulated enrollment in institutions of higher learning and introduction of a placement system after graduation. However at the expense of regulation of enrolment of students it is not possible to strike a balance in a number of branches. The planned educational system reacts to the demand with a delay: while universities reconsider the plans of enrollment and prepare new experts, employers partially liquidate their deficiency in personnel at the expense of investments into retraining the personnel in already their firms.

The question about the necessity of obligatory placement of graduates was raised repeatedly and discussed in the mass-media throughout 2009. The Ministry of Education is inclined to keep this system in place. The norm of compensation of expenses of the state on education if a graduate abandons the placement is actively applied¹¹. The Ministry of Education justifies this measure by financial reasons, also mentioning its market nature. We adhere to another point of view, estimating the obligatory placement of graduates as means of strengthening the Soviet administrative system. Besides, such actions of the ministry should be examined for the purpose of observance of human rights.

The education system does not have time to react to the requirements of the labor market, not only according to the

¹¹ According to decree no. 1255 of the Council of Ministers of the Republic of Belarus of 23 September 2006 "On reimbursement of expenses spent by the state for training of specialists (workers)".

nomenclature and the list of necessary specialties and qualifications, but — and in particular — according to the quality of preparation and rendered educational services. It is the qualification of those who teach and not of those who study that grows most slowly.

The “transitive” and stabilizing buffer between the educational system and the labor market (services of employment and personnel agencies, a state sector and informal economy) functions simultaneously in different modes: planned and market — it also allows to provide both state and private sectors of the economy with personnel. Mixed with the independent efforts of citizens this system allows to satisfy the requirement for personnel and to stabilize supply and demand on the labor market.

The code on education: innovation or return to the past?

In 2009 at the autumn session of the National Parliament in the first reading the *Education Code* was passed. The government and parliament presented the *Code* as an innovation in the system of the educational law. It is hard to agree with this because of many things. *First*, the *Code* project on education represents a mechanically joint version of the already existing laws applying to education.

Second, the principles and directions of the educational policy are considerably narrowed and formalized. Thus the main principles of the national-cultural nature of education and humanizing aspect of education are excluded. A lot of terms and definitions look emasculated and empty. In particular it concerns the concepts of educational activity, educational standards and educational programs, levels and steps of education. The principle of programming the state educational policy is excluded from the *Code*. The declared principle of the secular nature of education is at the same time cancelled by a statement which says that the educational establishment may conclude a contract on cooperation with religious organizations in coordination with the government and the president.

Third, the circle of subjects of education was considerably narrowed. Basically the *Code* normalizes and regulates the activity of teachers and students to the smallest details, but it practically

does not regulate the activity of civil officers in the system of education and other educators — scholars, methodologists, etc. In the Code the activity of private educational institutions is not identified in any way. The earlier operating principle of the government management of education (in the version of the Education Law of 1991) was paraphrased into the state-public nature of management of education.

The activity of public organizations is actually limited to the right of the state to define the degree of "politicization" of their purposes. The list of the types of educational establishments is rigidly limited and the mechanism of their licensing is set, which actually stops the process of creation of educational institutes of a new type in the sphere of informal and additional education.

Fourth, the article of the law about academic freedom and economic independence of educational institutes was withdrawn. The lack of these principles is replaced by the mechanisms of administrative control and submission.

As a whole, the Code is a departmental document of instruction and is directed at strengthening the position of the state managing education and total control over the activity of educational institutes of all types and levels. To see this Code as progressive, directed at the creation of conditions for development and reforming the education system is not possible.

The forecast

On the basis of the analysis of the events and tendencies of 2009 it is possible to make the following forecast.

1. Educational establishments at all levels and stages will continue to function in their former mode of submission and control by the state. The state will fix the absolute priority in the field of management and the ideological control both legislatively and organizationally. The Education Code will be accepted by parliament in the second reading irrespective of public discussion, and the Ministry of Education will receive *carte blanche* for realization of its plans concerning both informal educational spheres, and supplying the labor market with specialists of the corresponding qualification. But simultaneously with getting powers this department will be fully responsible for the condition of the educational system in Belarus. The question

is who will ask the state about the realized policy in the sphere of education.

2. Formation of new subjects of education will process slowly. To wait for public initiatives "from below", from the management of educational institutes and the pedagogical public is useless. Potentially the role of these subjects can be performed by the independent expert communities and NGOs which under the condition of coordination of actions, support of mass-media and foreign partners, will be able to become stronger intellectually and in resources.

3. It is possible to predict the entrance of Belarus into the Bologna process and other European educational programs — both in the frameworks of "Eastern partnership" and the programs of the European Commission. How much these possibilities and advantages will be used for the benefit of citizens or the start of reforming processes depends on the degree of critical attitude of the governmental structures towards their own actions and their ability to start a dialogue with the representatives of civil society. When such aims are absent — which is quite probable — the advantages of Bologna process will be neutralized by the make-believe, formal nature of its course under the local conditions.

SCIENCE: INNOVATION, IMITATION, DEGRADATION

Alexander Gritsanov

Summary

Throughout 2009 science, once a rather independent public institute of the republic of Belarus experienced an ever-growing pressure of the country's leaders, who demanded that the results of the scientific activity become innovative as soon as possible. Thus, the former scheme "the state gives money and receives knowledge" (the former system of Belarusian science) should be fast transformed to the model "knowledge turns into money" (the ideal of "innovative science") as a result of the depletion of budgetary resources.

Where scientific institutions earlier focused on keeping up the appearance that they can live up to the ambitions global players in the international scientific community have, this notion is now quickly abandoned.

Tendencies:

- senior executives of academic institutions and organizations clearly perceive the big shift in working environment, which is characterized by a systematic transfer of research programs to self-financing;
- realization of a program according to which science must be innovative, preserving the inflexible total administration;
- leading positions in the export potential of Belarusian science were again taken by offshore programming; the authorities undertook attempts to bring manufacture of microelectronic accessories on the same level;
- the main problems of Belarusian science (ageing of staff and "brain drain") remain and seem to get worse.

Innovation

Execution of the state program of innovative development¹

On February 26, 2010 the board of the State committee on science and technology (SCST) summed up the realization of the State program of innovative development of Belarus (SPID) for 2007 –

¹ See: Official site of the Institute of Systemic Analysis of the NAC of Belarus (2 March 2010): <http://center.basnet.by/>

2010. According to the Plan of SPID realization, approved by decree No 523 of the Council of Ministers of the Republic of Belarus of April 25, 2007 "On the approval of the plan of realization of the state program of innovative development of the Republic of Belarus for 2007 – 2010", 715 projects were carried out in 2009. From these, more than 90 were included in the list of projects that are most important for the economic development of Belarus and connected with creating new hi-tech enterprises and manufacturers in the country's regions (2008 – 2010).

The general expenses for realization of the innovative projects of SPID were BYR 7,479,272.7 million (USD 2.51 billion). The innovative production volume created as a result of the realization of all innovative projects is estimated at BYR 5,055,732 million (USD 1.70 billion). A number of 2,408 jobs have been created in the country.

According to information from *Belsat*, in 2009 in the Republic of Belarus:

- the share of new production in the total amount of industrial production was 15.4 % (the plan of 2009 was to reach 17 %);
- the share of certified production in the total amount of industrial production was 68.3% (the plan of 2009 was to reach 69.5%);
- the share of expenses for purchasing cars, equipment, vehicles, tools and stock in total investments in fixed capital was 39.1% (the plan of 2009 was to reach 48.5%).

During the accounting period 7 governmental customers did not fulfill the working stages of 16 SPID projects. Among the principal reasons for failure to implement the SPID tasks the following were identified: the untimely implementation and insufficient level of preparation of the draft budget documentation; the duration of the procedure of carrying out tenders; non-implementation by contractors of treaty obligations on carrying out civil and construction works and equipment delivery; insufficient numbers of staff at project customers.

At the board meeting the chairman of SCST I.V. Voitov spoke about some reasons of non-implementation of SPID tasks and prospects of innovative development of the country for the next five years. First of all he mentioned the insufficient level of financing of the scientific and technical sphere that in 2009

according to all resources was only 0.63% of GDP (budgetary financing was 0.31%) whereas in the USA and Japan this indicator is more than 3%. Europe is also planning to reach the same level in the nearest future (currently 2.5% of GDP is spent for these purposes there).

According to I.V. Voitov, a very weak applied research sector also needs additional financing. Based on an optimal (at least 1.5 % of GDP) investment of financial means it would be possible to get a quite developed scientific and technological sector. According to the chairman of SCST it is necessary to consider creating consulting agencies at ministries, regional executive committees and other state bodies and developing corresponding partnerships and venture financing based on them.

Dynamics of the development of a national system of intellectual property²

According to the position of SCST in the country, the positive dynamics in the development of a national system of intellectual property is seen as one of the key elements of the development of innovative activity. In 2009 1,297 patents for inventions were registered (growth compared with 2008 was 4%): 965 patents for working models (+ 12%) and 230 patents for industrial samples (+ 17%).

Nevertheless, in order to catch up with countries with higher technological levels, the state should change the conditions of small and medium sized private enterprises for selling technologies, at the expense of the budget.

According to the director of the Republican center for technology transfer Alexander Uspensky, "the income of Germany from export of licenses and patents is estimated as USD 520 billion a year. Thus, the income from the sale of licenses and patents per German citizen is USD 6,100. In the USA this indicator is USD 3,200, in Japan USD 3,100, in Russia USD 750, and in Belarus USD 30. It shows how we make use of our intellectual property".

² See: Belarusian news 2010. 28 February: http://www.naviny.by/rubrics/economic/2010/02/28/ic_articles_113_166844/

The expert notes that in the USA approximately 30% of technologies achieve commercial success, in the EU countries this is 20%, in the CIS countries about 3%. "If to speak about Belarus, the legislation does not stimulate development of innovative business and prevents selling intellectual property".

Uspensky believes that internationally some models of the rights to intellectual property can be found which are developed at the cost of the budget. The most promising model is the one in which the rights to the developed intellectual product belong to the organization which carries out the research. Such a model applies to the USA, Japan, and Great Britain. The advantage of this model is that the organization which possesses the rights to the technology has an incentive to engage in commerce.

The second scheme presupposes that the right to the developed intellectual product belongs to the state. Belarus works according to this scheme. But "in Belarus the technology developed at the expense of the budget can be transferred free of charge only to state enterprises. Private enterprises or enterprises of mixed ownership should pay for it and besides pay a lot. Approximately it is as much as the amount of money that was spent for developing the technology. But development of new technologies is always a big risk. Therefore I do not know any private or mixed ownership enterprise which would buy the technology developed at the expense of the budget at a high price".

However, many state enterprises do not show much activity in development of new technologies, but it happens for other reasons. "Monopolies and large enterprises all over the world simply are not interested in modernization. They are fine the way they are. The only stimulus for them is the competition for commodity markets with similar national or foreign firms". Independent experts point out that this is the reason why Belarusian industry faced an uncontrollable growth of warehouse stocks last year.

"New technologies should be profitable, should open new possibilities for producing competitive products, and contribute to the improvement of the quality of life. Therefore, the state should put their stake on small and medium-sized enterprises who take more initiative. It is necessary to change the conditions of selling technologies, developed at the expense of the budget, to business", Uspensky believes.

Imitation

Updating the control mechanism of science³

Last year there was a redistribution of power between the National Academy of Sciences (NAS) of Belarus and the State Committee on Science and Technology. The corresponding norms are to be found in Decree No 9, signed on August 4, 2009 by the head of state "On modification and additions to Presidential Decree No 7 of March 5, 2002".

The organization and coordination of all scientific research (except for scientific and technical programs), irrespective of the fact what department their staff belong to, and also the organization and conducting state scientific research fall within the jurisdiction of the NAS. The Presidium of the NAS is authorized to realize these tasks. It is also responsible for the interdepartmental council on coordination of fundamental and applied research, which used to work under the National Academy of Sciences on public principles.

The basic function of SCST is to carry out state policy in the innovative sphere within the framework of which the monitoring of global industrial tendencies will be conducted. Supported by analysis, they work out recommendations concerning the formation of an innovative infrastructure and creation of hi-tech manufacturers. The control function over performance of scientific and technical programs and adoption of research results, experimental design and experimental technological work has remained at SCST.

Rendering IT Services as an unattainable standard for the rest of applied science⁴

According to *Forbes*, in 2008-2009 the income from IT services export in Belarus was more than USD 35 per capita on a population of less than 10 million, having increased throughout the last three years by 75%. (In India this indicator was at the

³ BelTA. 2009. 6 August.

⁴ Press service of the Park of High Technology, 11 August, 2009.

level of USD 40 per capita on a population of more than 1.1 billion, in Russia this was nearly USD 18, in China USD 16, in Ukraine USD 12.) Belarusian companies are among the largest service providers of offshore programming in Eastern Europe (in the Czech Republic IT services export brings in more than USD 35 per capita a year).

The majority of large Belarusian IT companies are focused on exporting their services. As predicted by 2011 the volume of Belarusian export of computer and information services will have considerably grown, having reached (or even having surpassed) the present Indian per capita level, but its share in the general structure of services export will remain quite low – about 4%.

Games of lobbies

In the middle of 2009 lobbying efforts of some industrial structures⁵ for realizing "scientific-industrial, technical implementation innovative park *Integral* PHT No 2" proceeded. The park of high technology No 2 aims to bring Belarusian manufacturers of microelectronic components under one roof.

The necessity to create techno park "Integral", which carries the name of the initiator of this project – Research and Production Corporation "Integral", comes from the legislative limitation of types of activity which can be interesting for manufacturers of microelectronic components within the existing Park of high technology. Actually today the preferential mode of PHT does not extend to IT companies.

The position of PHT No 2 became less certain after the scandal on releasing imitated products at two out of six enterprises of PHT "Integral", "Tsvetotron" and "Kamerton"⁶, and also after the hard criticism of the President of Belarus for failure of the program on introduction of submicroscopic manufacturing at "Integral" for which BYR 300 billion (USD 100 million) of state resources was devoted.⁷

⁵ *Datebook*, 25 August, 2009.

⁶ "SB – Belarus Today", 10 February, 2010.

⁷ "SB – Belarus Today", 13 November, 2009.

Degradation

Financing reduction

According to the estimations of economist A. Luchenok⁸ in 2008, BYR 2 trillion (USD 671 million) was spent on the government program of innovative development and in 2009 only BYR 700 million (USD 235 million) was assigned. While in 1997 the budgetary component of science-related expenditures was equal to 0.48%, in 2008 it decreased to 0.35%. In 2010 nearly BYR 500 billion (USD 168 million) was added to the budget to finance science.⁹

When expressed in terms of scientific staff, before the crisis in Belarus 10 times less funds for research and development was allocated than in Slovenia, and 7.8 times less than in the Czech Republic. Estonia invested 5 times as much as Belarus, and Lithuania 3 times as much.

Remaining administration and backwardness¹⁰

After a month when presidential decree No 123 "On some measures on stimulation of innovative activity in Belarus" came into effect on March 9, 2009 its fundamental flaws became obvious. In the West 80% of enterprises meet the criteria of being "innovatively active". In Belarus this indicator is only 18%. The level of commercialization of the results of research and development according to the criterion of the number of successful projects in EU is 20%, in the USA this number is 30%. In Belarus, this number is approximately 1%.

The material base of scientific organizations is worn out. A third of buildings and facilities belonging to them are deteriorated for over 60%, and half of them show 40% deterioration. In Belarus available scientific equipment per researcher is ten times smaller than in developed countries. More than 60% of equipment is over 15 years old, although they should not be used any longer after

⁸ www.luchenok.com.

⁹ BelTA. 2009, 18 December.

¹⁰ Yakovlev Yu. Innovative way of development of Belarus — cramming instead of inventions // AFN.by. 2009, 6 April.

3–5 years of operation. The share of saved up amortization of the active part of production assets reached 85% at the average annual ratio of modernization of only 5%.

The main thing holding back progress is the idle chain between the state, the innovator and the enterprise.

Staff training

In 2009 the higher certifying commission (HCC) of Belarus conferred a scientific degree on 624 applicants, according to HCC chairman A. Afanasyev at a press conference in Minsk on February 10¹¹. According to him, terminal degrees were conferred on 51 people and doctorates were conferred on 573 people. The mean age of applicants receiving a terminal degree was 49.8 years; the mean age of applicants who received doctorates was 33 years.

Afanasyev noted that by quantity of scientific degrees awarded in 2009 the first place is occupied by engineering science (17.6%), then medicine (16.5%), physical and mathematical (9.6%), agricultural (7.5%), biological (7.1%) and historical (6.6%) sciences. The HCC chairman also said that 11% of dissertations considered by the HCC were rejected. The biggest number of rejected works concerns the sphere of philological (15.6%), technical (13%) and agricultural (10.4%) sciences. According to Afanasyev in 2009 the academic status of professor was given to 41 applicants, that of senior lecturer to 532 people.

As before, young persons are in great demand from Belarusian institutions of higher education. According to statistics¹² in the Belarusian State University there are 27 scholars under 50 with a terminal degree and only 4 persons are under 40. The mean age of workers in the BSU (including support staff) ranges from 40 to 55.

Conclusion

The following conclusions can be drawn:

1. Applied research in Belarus is in a grave condition, which will not quickly improve in the light of the economic crisis. For

¹¹ TUT.BY: <http://news.tut.by/160600.html>

¹² BelTA, 24 September, 2009.

scientific institutions the only real possibility to survive are investments and financing of research from the outside.

2. Rearrangement of functions and responsibilities among various state bodies and academic science reduced the influence of academic functionaries on budgetary financing.

3. The system of preparing postgraduate students and doctoral candidates (in the light of stricter criteria for defending dissertations) definitively became a battle ground for various academic clans (the trend in 2008 continued in full strength).

4. The broadening economic crisis reinforced existing trends.

RELIGIOUS SPHERE DEVELOPMENT IN BELARUS: BETWEEN THE POPE AND THE PATRIARCH

Natallia Vasilevich

Summary

The most significant events of 2009 were the election of the new Patriarch of the Russian Orthodox Church and his visit to Belarus and President Lukashenko's meeting with the Pope in the Vatican. Compared to the previous year, after the new Patriarch had been elected, the relations between the Belarusian regime and Belarusian Orthodox Church (the BOC) are cooling; the distance between the BOC and the Russian Orthodox Church (the ROC) is growing. On the contrary, relations with the Roman Catholic Church (the RCC) are growing livelier. Cooperation with main denominations is becoming the main tool of creating "a favorable image of Belarus on the international stage." Nevertheless, cases regarding freedom of conscience resound in the denomination sphere. Apart from traditional forms of pressure, there are celebrated cases when believers are prosecuted under the criminal code for refusal to take arms and demands of alternative military service.

The long-awaited alterations to the law on freedom of conscience were not adopted during the year; meanwhile the For Freedom of Religion initiative has developed an alternative draft law. The attempts to register the Belarusian Christian Democracy Party (the BCD) have been unsuccessful so far, but its relations with Belarusian religious denominations are growing livelier.

Tendencies:

- further pressure on the religious sphere – persecution of certain religious organizations and foreign citizens;
- the regime's policy aimed at closer relations with the Vatican is dominating the social sphere, but the president is not making any real concessions;
- relations with the Belarusian Orthodox Church and its leaders in Moscow are cooling;
- the BCD is negotiating with religious denominations, especially with the Catholic and Orthodox Churches, but it is most influential among protestants, which determines the specific character of the political discourse.

General information

The most significant events of 2009 were the election of the new Patriarch of the Russian Orthodox Church and his visit to Belarus and President Lukashenko's meeting with the Pope in the Vatican.

These events were fully covered in the media, but being extraordinary ones, they cannot give the picture of the whole routine and fundamental tendencies in the sphere of religion.

The 2009 census traditionally included no questions about religious affiliation, which is why there is no possibility to verify the official data on the number of believers of this or that particular denomination. Commissioner for Religious and Ethnic Affairs Leonid Gulyako noted that under paragraph 5 of the law of the Republic of Belarus on freedom of conscience and religious organizations, "nobody has to give information about their attitude to religion and cannot be forced to express his attitude to religion, to practice religion, or to take or not to take part in activities of religious organizations"¹.

Although the same provision referring to national identity is stipulated in the law on national minorities in the Republic of Belarus², the census questionnaire contained a question about nationality. Having no supportive data, the functionary nevertheless claims that 85% of believers call themselves Orthodox Christian while only 12% call themselves Catholic. L. Gulyako's opinion is that the "mentality of Belarusians is balanced in this respect."³

Summing up the results of the ethno-confessional sphere in 2009, L. Gulyako pointed out that in that year no new religious denomination has been registered. As of January 1, 2010 Belarus totals 25 registered religious denominations including 3263 religious organizations, among which "the Belarusian Orthodox Church is considered by many the spiritual leader."⁴ It counts 1509 communities, including 36 established in 2009, which is 15% less compared to those in 2008.⁵

As for the Roman Catholic Church, Gulyako stated that "the role of the ROC in Belarusian social life is growing."⁶ As of January 1, 2010 there were 470 communities of this denomination, 3 of them registered in 2009, which is three times less compared to 2008⁷. The tendencies in other denominations were not covered.

¹ <http://churchby.info/bel/409/>

² <http://www.levonevski.net/pravo/razdel2/num3/2d350.html>.

³ Ibid.

⁴ <http://churchby.info/rus/news/2010/01/15-2/>

⁵ <http://www.belta.by/ru/print?id=324661>.

⁶ <http://churchby.info/rus/news/2010/01/15-2/>

⁷ <http://www.belta.by/ru/print?id=324661>.

The functionary draws the conclusion that in 2009 the state was cooperating with the leading confession more closely with the purpose to strengthen stability in society and secure a positive image of Belarus on the world stage, an image of a country where different religious and ethnical groups co-exist peacefully⁸. We can infer that "to create a positive image of Belarus on the world stage" is turning into one of the leading strategies of the Belarusian regime, including the sphere of religion; or even predominantly in this sphere.

The main role in this strategy is assigned to the Catholic Church, the relations with which were developing in this very framework: among others we can count such events as Cardinal Tercisio Bertone's visit to Belarus in 2008; A. Lukashenko's visit to the Vatican (this was his first official visit after visa sanctions had been lifted, which is highly symbolic); preparation of the concordat; A. Lukashenko's attempt to organize a meeting between the Moscow Patriarch and the Pope.

But the regime's actions did not contribute to a positive image. One way or another the confessional sphere was shaken by cases concerning freedom of conscience: Baptists were fined for misuse of buildings (the evangelist Baptists's Transfiguration church, Vitebsk region); Jehovah's Witnesses (Mogilev region)⁹, New Generation (Baranovichi)¹⁰, and minister Iryna Marshalkouskaya-Gryk (Chauss district, Mogilev region)¹¹ received a fine for unauthorized religious activities. Two Catholic priests, Edward Smaga and Antoni Bankouski (both Polish citizens), were denied prolongation of visas for religious activities; the case with the building of the New Life Church¹² is still developing.

Apart from traditional forms of pressure, there were cases when believers were prosecuted under the criminal code for refusal to take arms and demands of alternative military service: these were the cases of Dmitri Smyk (Jehovah's Witnesses, Gomel)¹³ in November and Ivan Mokhailov (Messianic Jews, Minsk)¹⁴ in

⁸ <http://churchby.info/rus/news/2010/01/15-2/>

⁹ <http://churchby.info/rus/news/2009/10/20-1/>

¹⁰ http://www.forum18.org/Archive.php?article_id=1327.

¹¹ <http://www.prochurch.info/index.php/news/more/15904>.

¹² <http://churchby.info/bel/431/>

¹³ <http://www.euramost.org/index.php?artc=13025>.

¹⁴ <http://spring96.org/be/news/32013/>

December. We can observe the tendency that over the last years military service has been used as a repressive mechanism.

President Alexander Lukashenko's repressive religious policies remain unchanged, Forum 18 finds in its survey analysis of freedom of religion or belief in Belarus. The analysts of "Forum 18" note that "legal" restrictions include: requiring all religious activity by groups to have state permission, and be limited to one geographical area; barring meetings for worship or other religious activity in private homes that are either regular or large scale; requiring all places of worship to be state-approved; and routinely expelling both Catholic and Protestant foreign religious workers¹⁵. Similar opinion on the religious sphere in Belarus is expressed by the U.S. Department of State in its annual human rights report¹⁶ and international religious freedom report¹⁷.

European institutions also express their concern for the situation in Belarus: in two resolutions of the European Parliament, in January and in December 2009, freedom of conscience is still considered a hot issue. But the authorities managed to reduce this issue to single instances of persecution and to avert attacks on the key instrument of religious policy, i.e. the law of the Republic of Belarus on freedom of conscience and religious organizations.

Legislation and institutions

In 2008 50,000 signatures were collected to alter or amend Belarusian legislation on religion, because the law adopted in 2002 was regarded as the basis for the repressive state policy; these signatures were also sent to European institutions. In January 2009 the European Parliament adopted a resolution on the EU strategy towards Belarus, which contains a separate paragraph calling on Belarusian authorities "to respect freedom of religion" and condemning the fact that "European citizens, including priests, are being repeatedly expelled from Belarus, which is contrary to the confidence-building process with the EU."¹⁸

¹⁵ http://www.forum18.org/Archive.php?article_id=1311.

¹⁶ <http://www.state.gov/g/drl/rls/hrrpt/2009/eur/136021.htm/>

¹⁷ <http://www.state.gov/g/drl/rls/irf/2009/127300.htm>.

¹⁸ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2009-0027+0+DOC+XML+V0//EN&language=EN>.

Therefore, for European institutions the "facts" of violation of human rights for freedom of religion are the problem, not violation of the law. In December 2009 the European Parliament's resolution on Belarus, paragraph 15 (9 conditions for the sanctions to be completely lifted and for full re-engagement with Belarus) included the following requirement: "safeguarding freedom of religion for religious denominations other than the Orthodox Church, in particular to let New Life Church operate freely."¹⁹

As we see, European institutions do not regard the law, by which all confessions, Orthodox and non-Orthodox, traditional and non-traditional exist as the root problem. It is the enforcement practice that causes problems. Now they do not draw attention to the law, nor to the norms of the resolution of the Council of Ministers of the Republic of Belarus of January 30, 2008 № 123 that regulates invitation of foreign citizens and stateless persons to the Republic of Belarus for engaging in religious activities, and these are regulatory documents for the religious sphere. Such position of Europe allows the Belarusian regime to solve the issue of one religious organization favorably thus complying with the demands of the European Parliament.

Although the law on freedom of conscience was changed the long-awaited alterations were not adopted. Alterations to the law of the Republic of Belarus on freedom of conscience and religious organizations parts 17 and 18 were insignificant and referred to the procedure of registration of religious communities and associations. The law on alterations to the laws № 109-3 passed the second reading on December 11, 2009 and was signed on January 4, 2010. Meanwhile, the For Freedom of Religion initiative developed an alternative law²⁰, without the preamble of the present version and without some repressive norms hampering religious organizations activities.

On July 8, 2009 the founding meeting of the Civil Council on Morality marked the beginning of the Council's functioning.²¹ The initiators of the Council were the Belarusian Orthodox Church and the official Writers' Union led by Mikhail Charginets. Heads of

¹⁹ <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P7-TA-2009-0117&language=EN&ring=P7-RC-2009-0248>.

²⁰ <http://forreligiousfreedom.info/documents/proekt-zakona.htm>.

²¹ http://www.belta.by/ru/belta_news?id=393309.

the Orthodox, Catholic, Lutheran, Jewish and Muslim confessions (i.e. mentioned in the preamble to the law on religions) became members of the Council. It was assumed that the Council would adopt resolutions, recommendations, appeals to broadcasting companies, periodicals, etc. But during 2009 there was not a single case in which the Council took part in or influenced any decision making.

On March 27, Metropolitan Filaret spoke at the meeting of the Synod of the Belarusian Orthodox Church with the president saying that "the Church calls upon the authorities to introduce efficient internet-regulation legislation, similar to that of some countries, for example, China, because this problem is extremely serious."²² The ordinance № 60 *On Enhancement Measures of Usage of the National Segment of the Internet* was adopted on February 1, 2010 and will come into force in summer 2010. The state bodies abstained from imitating the "Chinese experience", but regulations of this sphere promise to be more stringent.

The authorities declined the proposal of the Belarusian Orthodox Church to initiate religious education in schools in any possible form despite that the Church spared no effort. The question of religious education was raised at the meeting of the Synod with the president. The Russian archpriest Andrei Kuraev, author of a course of Orthodox culture for schoolchildren, visited Belarus to promote religious education. The priest accompanied the Russian Patriarch during his visit to Belarus and held a number of meetings with pedagogical staff to prepare the ground for a possible introduction of such course in Belarus. But on October 5 the House of Representatives passed the first read of the Code of Education²³, which became the kiss of death for these plans.

Belarusian Orthodox Church: the new Patriarch

The main highlight for the Moscow Patriarchate of 2009 was the assembly of the Local Council of the Russian Orthodox Church to elect the new Patriarch of Moscow. Metropolitan Filaret of Minsk and Slutsk, as had been predicted during the previous decade,

²² <http://churchby.info/bel/288/>

²³ http://house.gov.by/images/page16/4proekt_kodeksa3sessija2.doc.

became one of the candidates to the throne. But being aged and sickly, he decided not to compete and withdrew his candidacy.

On January 27, 2009 Metropolitan Kirill (Gundyaev) was elected Patriarch. Belarus became one of the first countries of the "canonical territory" to which he paid visit. On the eve of the visit the public was considering some topical issues: 1) will the new Patriarch with his reputation for being a "philocatholicist" ("loving Catholics") approve of the Pope's visit to Belarus?²⁴ 2) will the Belarusian Orthodox Church gain wider autonomy in the Moscow Patriarchate? 3) how will the relations between the Belarusian regime and the Russian Orthodox Church develop? The first year of Kirill's primacy let us assume possible answers to these questions.

President Lukashenko might have fallen victim of the rumors about Patriarch Kirill's "pro-Catholic" stance and imagined himself to be in a position to make Belarus the meeting point of the Pope and Patriarch Kirill. He initiated several meetings with the Patriarch. But the Patriarch and the Russian Orthodox Church dealt shortly with the president and gave him to understand that the Moscow Patriarchate requires no mediation²⁵ and can negotiate with the Vatican directly²⁶. Lukashenko's attempt to become the ROC's ambassador of peace was decisively repulsed and he had to backtrack²⁷. This was as if old stereotypes broke: the new Patriarch is independent and confident; he asks the president for nothing and gives nothing back. Is that the "new guideline for church-state relations", of which the Patriarch spoke?

Anyway, it was the first time that the president ignored the Easter mass at the Holy Spirit Cathedral where he had been traditionally awaited. And after just a few days he visited the Vatican. His relations with Patriarch Kirill seem to be falling apart. These discrepancies became even more evident during the Patriarch's visit to Belarus in September.

Firstly, during his speech at the Palace of the Republic the Patriarch voiced the geopolitical project "Russian world", an association of Russia, Ukraine, Belarus, and Moldova as an

²⁴ <http://www.svaboda.org/content/transcript/1376030.html>.

²⁵ <http://news.tut.by/136668.html>.

²⁶ <http://churchby.info/rus/news/2009/11/15-2/>

²⁷ <http://churchby.info/rus/news/2009/06/27-2/>

Orthodox civilization based on Orthodox values. The project was presented as an opposite to that of President Lukashenko's and Belarusian state ideology that would compromise the Pope's visit and his meeting with the Patriarch in Belarus, so that Belarus would become a bridge between the West and Russia. For the Patriarch Belarus is not a bridge but a part of the "Russian world".

Secondly, from the stage of the Palace of the Republic, the most official place in Belarus, the Patriarch announced that Kurapaty is one of the symbols of Belarus. Kurapaty is the place feared by the regime, the authorities even ordered to destroy the chapel of the BOC blessed by the deceased Patriarch Alexy II during his visit to Belarus; the Belarusian exarchate suppresses this fact. The Patriarch showed both the Belarusian exarchate and the president what model of church-state relations he appreciates. This model does not include formal declarations of cooperation, the object of pride of the Belarusian Church and the regime, formal ones because the Orthodox religion is not taught at schools, academic degrees are not recognized, the Church receives no real financial help (the allotted funding for certain projects are insignificant even for Belarusian reality).

President Lukashenko ignored not only the Easter mass but the Patriarch's speech at the Palace of the Republic as well. Even having been decisively repulsed by the ROC the president has no doubt as for the possible meeting of the Pope and the Patriarch²⁸. Although the tone of his statements about his moderation in this process has altered, he still keeps touching upon this issue. To sum up, the new Patriarch's stance on issues of the Pope's visit to Belarus and church-state relations is quite definite and clear.

Let us consider the issue of autonomy of the Belarusian Orthodox Church. Firstly, Lukashenko set his meetings with the Patriarch without knowledge of the Belarusian exarchate. Secondly, if we analyze the issues raised by Metropolitan Filaret during the meeting of the Synod with the president (Internet regulation, the Council on Morality, edition of the New Testament of Slutsk, "the moral-spiritual component in Humanities")²⁹ it convinces us that president managed to buy the exarchate off with the Council on Morality, which has no real power: the Council's

²⁸ <http://churchby.info/rus/news/2009/11/29-1/>

²⁹ <http://churchby.info/rus/news/2009/03/30-1/>

attempt to forbid the concert of Rammstein in Minsk failed; the New Testament of Slutsk was printed in 500 copies.

The authorities accepted the proposal on Internet regulation; probably it was the authorities who induced the Belarusian Orthodox Church to come out with this proposal. As for the main question, Orthodox education at schools, it is still unresolved. Moreover, previous negotiations about introduction of a special subject were reduced to the issue of "the moral-spiritual component in Humanities"³⁰. The issue of PhD theses recognition is also unresolved.

After election of the new Patriarch, relations of the Belarusian Orthodox Church and the centre in Moscow have also changed. Patriarch Kirill's strategy nullifies speculations about wider autonomy for the BOC. We can even talk about the tendency of narrowing autonomy. The sharp and undiplomatic position of the Patriarch towards President Lukashenko actually nullifies all servile efforts of the BOC to achieve those minor goals that have already been achieved. As a result, relations between the Belarusian regime and the BOC are cooling. On the one side, there are clerics of the BOC, used either to support any proposal from the authorities or keep silent; on the other side, there is the Patriarch with his open and clear position. This Gordian knot, if resolved, may develop into two directions: either the BOC becomes less dependent on the Russian Orthodox Church, if it continues its compromising policy towards the Belarusian regime; or the BOC becomes less dependent on the Belarusian regime, if it chooses solidarity with the political strategy of the ROC.

A possible answer to this question may be found in the pastoral letter of the Synod of the Belarusian Orthodox Church to the Patriarch³¹. If we compare this letter to a similar one in 2008 issued on the occasion of the late Alexy's II visit to Belarus, which was greeted with nostalgia for the USSR and rhetoric of the Holy Triune Rus', the letter to Patriarch Kirill also contained the discourse of the Holy Rus' and unity, but with less West-Russian rhetoric. On the contrary, the Synod of the BOC mentioned visits of the Patriarchs of Constantinople and Jerusalem, which took place quite a long time ago, and the

³⁰ <http://www.president.gov.by/press69021.print.html>.

³¹ <http://www.church.by/resource/Dir0301/Dir0302/Page2469.html>.

Patriarch of Antioch visit on the 1000th anniversary of the Baptism of Russia, which probably was meant to point out that Belarus belongs to the global Orthodoxy in the first place, and, only in the second place, to the Russian Orthodoxy. The cross of St Euphrosinia of Polatsk was also mentioned as the "sword to protect the state dignity of Belarus".

Or, we could try to infer the answer from another incident, when the Belarusian Orthodox Church in the person of archimandrite Alexy Shinkevich supported the organizational committee to establish the Belarusian Christian Democracy Party and protested against the Belarusian TV1 that broadcasted a defamatory video report about this movement involving comments of representatives of different denominations. Archimandrite Alexy called the video "sponsored"³², which in Belarusian society where the Belarusian TV1 is the voice of the regime and the opposition, including the BCD, is by definition embodiment of the evil, such statements could be qualified as heroic and even undermining the constitutional order. The video about the BCD was broadcasted together with reports about Patriarch Kirill's visit and the archimandrite's reaction followed it immediately. Probably, this brave statement was inspired by the Patriarch's open speech.

Roman Catholic Church: is the Pope coming?

In 2009 the Roman Catholic Church celebrated the 20th anniversary of its renaissance. September 29, 1989, observance day of Saint Michael the Archangel, is celebrated as renewal of the RCC's service in Belarus.³³ All religious events in 2009 were happening in the context of two questions: firstly, if the "turn" of the Belarusian regime to the Catholic Church will prove fruitful, foremost, if the Pope will accept Lukashenko's invitation and visit Belarus in the nearest future; secondly, if Belarus and Vatican sign the concordat, an agreement on cooperation.

Already during Vatican Secretary of State Cardinal Tercisio Bertone's visit to Belarus in summer 2008, Lukashenko made an attempt to invite the Pope to Belarus. Mid-April 2009 the president

³² <http://churchby.info/rus/news/2009/10/03-1/>

³³ <http://churchby.info/rus/news/2009/09/29-1/>

met head of the Catholic Church in Belarus Metropolitan Tadeush Kondrusevich³⁴ and the news that Lukashenko is to visit Vatican broke after less than 2 days.

It is hard to judge if the Belarusian president was welcome in the Vatican, but an audience with the Pope was a symbolic event for Lukashenko. Lukashenko needs the Pope to enlarge his symbolic assets both inside the country and outside it. Two facts should be taken into account: firstly, that it was a private audience, one of many the Pope has during each day. Lukashenko spared no effort to change the audience's status, but the Vatican's official press-release was rather bare.³⁵ Secondly, Alexander Lukashenko made another attempt to become a peace maker, and in the name of the Pope announced that the latter meant to meet Patriarch Kirill in the nearest future.³⁶ But this was nothing but bluffing, make-believe of improvement of relations with the Roman Catholic Church.

The next step in the development of these relations would be the Pope's visit to Belarus and signing the concordat. If in 2010 neither the Pope visits Belarus nor the concordat is signed, all the president's efforts will come to nothing. Even if the media occasionally report about a possible meeting of the Pope and the Patriarch of Moscow, it does not mean that the meeting will take place in Belarus. Leaders of the Roman Catholic Church during their visit *ad lumina* also passed the Pope an invitation to visit Belarus, but the possibility of such a visit looks bleak, the more so because the process of signing the concordat is losing speed.

As for the concordat itself, after the visit to the Vatican the Belarusian side made loud statements that the document was ready and just about to be signed. Early in June Commissioner for Religious and Ethnic Affairs Leonid Gulyako said that "Cardinal Tercisio Bertone would visit Belarus before mid-2009 and that during that visit an agreement between the Vatican and Belarus was to be signed."³⁷ But none of the Vatican's officials visited Belarus in 2009. Neither the Pope nor even the Vatican's Secretary

³⁴ <http://churchby.info/rus/news/2009/04/14-1/>

³⁵ <http://churchby.info/bel/news/2009/04/27-1/>

³⁶ <http://churchby.info/rus/news/2009/04/29-1/>

³⁷ <http://churchby.info/rus/news/2009/05/08-1/>

of State came to Belarus. The prepared concordat was not signed, either. Only Metropolitan Tadeush Kondrusevich makes occasional remarks that there have been a lot of talks about the concordat, but nothing happens.³⁸ Among all Vatican functionaries, only Walter Kasper, President of the Pontifical Council for Promoting Christian Unity and thus involved in Catholic-Orthodox relations, visited Belarus at the end of the year. This could have furthered the issue of the meeting between the Pope and the Patriarch. But nothing happened.

Nevertheless, we can state that the regime won in its relations with the RCC by promising the Pope's visit and signing the concordat: despite its connection with Poland and the Polish national issue, the Roman Catholic Church in Belarus maintained neutrality in the conflict with the unregistered Union of Poles in Belarus (led by Andielika Borys). It is uncertain how long the regime will go on keeping the RCC in this neutrality. The authorities continue persecution of Roman Catholic priests who are Polish citizens and deny visas to Edward Smaga and Antoni Bankowski³⁹.

The Greek Catholic Church

The life of the Belarusian Greek Catholic Church (the BGCC) in 2009 was centered around two issues: to acquire its own church in Minsk (this issue is discussed with the authorities) and to have its own bishop in Belarus (this question is negotiated with the Catholic Church leaders). Though being unprivileged, the Greek Catholic Church is rallying national intelligentsia around itself, who mid-April 2009 sent a petition to the president asking to consider the possibility of building a church on the territory of the former Holy Spirit Church which is currently being reconstructed for the Children's Philharmonic and pointing out that for 19 years since the renewal of the BGCC its believers have not received permission to build their own church in Minsk. But they received a negative answer⁴⁰, just after the president had returned from the Vatican.

³⁸ <http://churchby.info/bel/238/>

³⁹ <http://churchby.info/bel/431/>

⁴⁰ <http://churchby.info/rus/news/2009/06/17-1/>

The Vatican became the addressee of another letter of the Belarusian Greek Catholics. This time it was written by Greek Catholic priests and it concerned the canonical structure of the BGCC⁴¹. But the answer has not been received yet.

If both wishes come true: the Greek Catholics have their own bishop appointed (it means they will be a fully canonical church structure) and receive their own church, it might strengthen its positions, at least among the youth and nationally oriented intelligentsia. Within the area of Minsk the Greek Catholic Church could compete with the Roman Catholic and Orthodox Churches or even become an alternative to them. Celebrating Liturgy in Belarusian and thus uniting national intelligentsia, the BGCC is another danger to the authorities who will hardly allow it to develop.

Alternative Orthodoxy

In the status of a delegate to the Fifth Congress of the Belarusians of the World, Bishop Sviataslau Login, leader of the Belarusian Autocephalous Orthodox Church (the BAOC) visited Minsk, where he, among other activities, consecrated a new priest for the BAOC in Belarus. But further information about the priest's name or his service is not available. Meanwhile, there is less activity within the Belarusian (People's) Autocephalous Orthodox Church, namely of the priest Yury Akalovich who had been the "face" of Belarusian opposition for a long time.

The development of Belarusian alternative Orthodoxy could be stimulated by events in Ukraine, particularly the fact that the Ukrainian Autocephalous Orthodox Church (led by Metropolitan Methodius Kudriakov) applied to the Patriarchate of Constantinople for membership. The delegation of the Constantinople Patriarchate is to visit Ukraine.⁴² But it is still too early to speak about Constantinople's interference into Ukrainian affairs. The Fourth Pan-Orthodox Consultations in Chambesey (Switzerland) allow us to state that relations between the Patriarchates of Constantinople and of Moscow are improving and Ukraine will not become the arena of their confrontation. As for the

⁴¹ <http://carkva-gazeta.org/data/63/index.php?id=8-2.php>.

⁴² <http://churchby.info/rus/news/2009/09/30-1/>

Constantinople Orthodoxy, there is a Belarusian initiative alternative both to the BAOC and the BOC: the Greek Orthodox movement of Belarus "Belarusians for the Patriarchate of Constantinople"⁴³ led by Bishop Vasil Kastsiuk. But this movement is quite marginal and conflicting, even Kastsiuk's fellow co-member Reverend Siarzhuk Gorbik left it.⁴⁴

Belarusian Christian Democracy

As was predicted in the forecast for 2009, this year became year of the Belarusian Christian Democracy Party. There were two founding congresses of the party during the year but it still has not been registered. Two significant events to do with the activities of the BCD in the religious sphere in 2009 should be mentioned. One had to do with the feast in Budslau, where security arrested some BCD activists for distributing the Krynitsa ("A spring") bulletin. Another was the above mentioned video report about the BCD in the Belarusian TV1 "Panorama", in which they broadcasted negative references of different religious figures about activities of this party. This program was condemned by a Belarusian Orthodox Church official.

As for the first incident, the BCD activists were intercepted by ordinary Catholic churchgoers who formed the security. This fact impelled Pavai Seviarynets to issue an open letter to Metropolitan Tadeush Kondrusevich⁴⁵. The latter had to express quite a moderate opinion of the BCD activities in his response.⁴⁶ Nevertheless, the party enjoys very little popularity among Catholics, their percentage in the party is the lowest (about 11 – 13%⁴⁷), although Catholics are traditionally regarded as a more nationally oriented confession in Belarus. A lot of issues of the BCD's social ethics are similar to those of the RCC. Even that fact that some priests openly support the BCD does not add to the party's authority among Catholics.

⁴³ <http://belpat.narod.ru>.

⁴⁴ Ibid.

⁴⁵ <http://sieviarynets.net/index.php?newsid=135>.

⁴⁶ http://old.bchd.info/modules.php?name=News&file=view&news_id=3507.

⁴⁷ The information was voiced at the party convention.

The BCD makes attempts to count Orthodox believers to its supporters, saying that the majority of the party members belong to this denomination. But it is very difficult to evaluate the degree of the BCD's authority among the Orthodox because there is no open support. We must bear in mind that in September 2009 a significant event, mentioned in the part about the Orthodox Church, happened. Archimandrite Alexy Shinkevich declared that the Belarusian Orthodox Church has nothing to do with the Belarusian TV1 and the official anti-BCD propaganda⁴⁸. But nevertheless we cannot say that the BOC supports the BCD. The video in the Panorama program was meant to drive off the BCD's social basis, Christian believers, but the BCD benefited from archimandrite Alexy Shinkevich's advocacy.

We should note that if the BCD continues regarding this kind of advocacy on the part of the Roman Catholic Church and the Belarusian Orthodox Church as proof that both Churches support it, it could happen that supportive comments on the BCD from the clerics may cease.

Forecast

It is intended that in 2010 the Pope visits Belarus and the concordat with the Roman Catholic Church is signed. These plans will be developed but it is most likely that neither of them will be carried out. They will be point of the greatest public attention and the regime will try to make use of this fact.

As for the Orthodox Church, its relations with the Belarusian regime will remain tense. If Lukashenko does not review his strategy and makes no concessions in different issues, including less attention to the Catholics and introduction of the course of basics of the Orthodox culture in schools, which has already been developed and is lobbied by the Belarusian exarchate together with the Ministry of Education⁴⁹, then relations may worsen. Moreover, there might be some staff changes if the Belarusian exarchate; it may become less autonomous from Moscow.

During 2010 the BCD will continue its work, first of all with different religious confessions. It might possibly lead to more

⁴⁸ <http://churchby.info/rus/news/2009/10/03-1/>

⁴⁹ <http://www.nn.by/index.php?c=ar&i=34744>

serious pressure on those associations that will cooperate with this party.

Within the regulatory framework and law enforcement policy there might be more pressure on the part of local bodies of ideological work, the network of which will grow and strengthen on the threshold of the local council elections.

CULTURE: QUEST FOR NEW MATRICES

Maksim Zhbankov

Summary

The last year's performance is very contradictory. The death of the "culture of resistance" cancelled out the fussy activities of its opponents. The anguished ideological confrontation of the early 2000s actually came to naught. That reduced the demand for cultural figures in the propaganda recruitment stream, which is true for both sides.

On the other hand, having lost much of its air of heroic struggle, Belarusian culture has never worked out new signposts for its development. When analyzing performance in culture in 2008 we used the term "pause" to say that culture was developing on a basis of self-citation with no free market mechanisms for its regulation and absence of a definite set of cultural models. This condition was developing within the framework of so-called "liberalization". Actually, it is a kind of attempt to upgrade the cultural discourse that is still allowed at the expense of external resources, which go hand in hand with the attempt to expand the "domestic Europe" zone – the domain of western format projects and cultural texts. Another key feature of 2009 was that unofficial culture tried the role of a decorative marginal outsider with no prospects of near social changes.

Tendencies:

- state cultural policies undergo "liberalization": there is a selective substitution of prohibition for permission;
- local creative "minorities" consistently master western formats of cultural creativity;
- demonstrative marginalization of unofficial culture.

Liberal turn: fragments of styles, ideological ghosts

The new course of state cultural policy shows a decorative friendliness towards earlier disfavored artists and genres (from large N.R.M. and Krama concerts in Minsk concert hall to "Massacre" launched by Belarusfilm motion picture studio, a film by previously illicit director Andrey Koudinenko). We can regard this as an attempt to save the nation's Haut Style at the expense of external (in relation to it) resources.

The discourse of power has no inner reserves left: War and Victory myths become more and more difficult to exploit. And Belarusian blockbuster "The Dnieper Defence Line" (director Denis Skvortsov) proves it best. The movie was to show the courage of people in the first days of war. But it turned out to be nothing but a widescreen sacrificial offering of all the protagonists. The desperate doom that marks this well-wrought movie stands in sharp contrast to the usual Nation of Victors message and by no means strengthens it, undermining the authors' intention.

The authorities show practically no counter play (even at the level of former propaganda statements) and operate in safe mode: the "inconvenient" elements are carefully granted access into the system of controlled culture. A romantic "forest brother" Mechislav, hiding from the Soviets in the woods, arouses interest in the 2009 movie "Cadet" (director Vitaly Doudin). But the authors are clueless as to what to do with this "non-format" character, who, to make things worth, is cooperating with the main protagonist, the "format" suvorovets (Suvorov Military School student) Denis Meshko. To brand the former as a traitor would be awkward, but to keep him alive would be wrong.

One more instance of decorative liberalism is the approved rock festival Bela Music held on the Borovaya flying club premises. It was directed by previously banned artist Oleg Khamenko in cooperation with Liniya zvuka ("Sound Line") agency. Local authorities and the Ministry of Culture also took part in it, but humbly and shyly asked not to mention them (significant detail!) on the fest's posters. Neither white-red-white, nor official flags were in sight. But the artists were performing guarded by a special police squad and serviced by public catering in patriotic red and green caps. The group of "exonerated" rockers was diluted by the "legal" pop singer Piotr Elfimov.

The fest's vague concept ("Fest for those who make rewards"), songs with no political message, a strict ban on beer and neutral friendliness, actively supported by the BRSM crowd (the Belarusian Republican Union of Youth) — all this felt like a careful extensive-form game. Actually, the ruling elite are quietly penetrating into the spheres of symbolic culture and alternative culture management, which had been inaccessible for it before.

"Liberalization" in the form of demonstrative renunciation of severe politicization, aesthetic confrontation and cultural

repression by no means lead to automatic "nationwide unity". Social and cultural campaign "Budzma!" proves the above statements most vividly. It was launched in autumn 2008 as an enlightening project and was managed by the international NGO Batskaushchina ("Motherland") activists. It gained the public's attention by its pledge to encourage "postpolitical" national self-consciousness through promotion of values of Belarusian culture. But very soon the campaign proved to be creatively impotent and turned into a banal tool for traveling literary meetings and presentations. Nevertheless, its present status fully fits into the current "liberalization", which is supposed not to develop new culture but to make one-occasion injections on a "from visit to visit" basis. It is state culture that has permanent status; "Budzma" is just "visitors".

The official canon of culture provides little room for a "liberal upgrade". The sphere of legal creativity is limited to the "farmstead" Belarusian culture zone, burnt down by political struggle and repressive-prohibitive cultural policy, without any external financial and conceptual investment. That is why "liberalization" in the form of granting amnesty to dissidents is capable, at best, to win over only invalids of the former war of cultures. The latter have the depressing underground experience but no definite scenario of their further existence. They also feel the urgent need for external guidance and legal sites.

The political and aesthetic sides of Belarusian culture were so knit together for the last decades that it lead to a synchronic collapse of political technologies and cultural myths. "Liberalization" is a movement in the field of lost meanings. Noise effects, residual phenomena, fragments of former concepts. Therefore, everything that is happening within should be regarded as gestures, not messages, like, for example, the appearance of the "kind master", head of the Ministry of Culture and first minister who speaks Belarusian, Pavel Latushko. What does his appearance signify? Very little. Just a new cog in the machine. Important for other cogs. And those who want to become one.

Go West: New Europe or internal emigration?

As we mentioned above, meaning-forming elements in the culture of struggle are depreciating, and leading figures of the cultural

process show an inability to create convincing matrices for collective attitudes. All this induces the creative minority to look for models and guidelines outside their own region. In other words, lack of internal dynamic culture makes the most ambitious authors look for the ways to join external culture processes. By doing so, they become internal emigrants, that is, those who live by the rules of other cultures. The year under review resulted in a whole range of "internal emigration" products, the most significant of which are: hard-rock band "The Toobes", the "U" gallery, and the art project "Belarusian Pavilion of the Venetian Biennale".

"The Toobes", three shaggy guys in sneakers and red jeans, appeared between the lines of the Belarusian rock mainstream, where the "conscientious" rock-and-roll, heavily spiced with ethno tunes and political radicalism, was competing with "the Russian rock" and Moscow pop scene clones. Time seems to be standing still: our post-Soviet country, as it did under Brezhnev, welcomes classical "westernizers", imitating energetically the old-fashioned British hard rock. But their candidly obsolete style does not dismiss the main point: the Belarusian stage has not seen anything equally vigorous and lively for the last seven years.

We should point out their protesting incompatibility with the Belarusian context: the novices set a new level of quality for themselves, they prefer to compete with their western opponents like "Raconteurs", not with Lyapis Trubetskoy or "J: Mors". To win the Belarusian-Swedish BandScan contest, not the Rock Crown. And to perform in Sweden and Lithuania. The artists position themselves as an autonomous creative unit, showing healthy European individualism. They live in their shaggy world — everywhere and nowhere. And choose not to speculate about the fortunes of their Motherland.

The "U" gallery in Minsk was established after the Podzemka ("Underground") art-project collapsed. And the latter was one of "injections of the West" at the heart of the capital city. The premises of a former out-of-the-way food store with a bottle redemption point were turned into an open space of aesthetic communication, a site for exhibitions, performances, lectures, and film-shows. Plus a cafe and a book shop. The "U" gallery's roots are local art enthusiasts and a couple of respectable financial organizations.

It should be noted that the gallery also has contextual problems: functionaries of culture keep ignoring it, "legal" artists keep giving it a wide berth, and art promoters are out of sight. But the audience also gives reason for complaint: the quiet and old-fashioned Minsk public is used to absolutely different art. Young people, who have been abroad, accept this style without consideration. But the thoughtful majority, what should we do with them? Can we influence Belarusian artists, can we tune them to a different wave? And the main question: do we need to do that at all? So far, the gallery's best projects have come from abroad. And foreigners have been the most reliable partners. And trips abroad provide the curators with most striking impressions. The project has no internal resources for its growth. This fact calls its efficient development in question.

The "Belarusian Pavilion of the Venetian Biennale" was a baby of a fortuitous encounter of art bohemia with technical error: all of a sudden the whole VDNKh floor (Exhibition of Achievements of the National Economy in Minsk) was free for a week. It was instantly filled with topical Belarusian art. And was passed for "Venice here". The good part is that delivery is easy. The bad part is that Venice does not care about Belarusian art. It still remains unclear, how much topical art is there in the country and who needs it.

But what makes the cute game with the "Belarusian Pavilion of the Venetian Biennale" most interesting is not the campaign itself, but the follow up. The Ministry of Culture got the message and launched a serious art mission to Venice. But the authors of the concept, the project's curators, foreign counselors and other people involved, that is, those who had started developing the project after the "Biennale" event, were ordered out of the list of managers and participants. The private "Venice" was nationalized and received new — reliable — management. Belarus seems to be represented at the next biennale in compliance with instructions from above.

While playing on the field of controlled culture, the creative minority has to take into account the local factor. Western formats of author's expression that are topical codes of contemporary culture are hardly compatible with local inert taste, the state monopoly on information and bureaucratic regulation of cultural trends. This automatically scales up Belarusian internal emigration. But does not bring Europe closer.

The whole circus: being a marginal is a respectful surrender

Marginalization of unofficial culture is one of the obvious and conspicuous tendencies of the year. It is a clear refusal to claim leading parts. And a ceremonial departure into the underground. The state of global apathy and self-citation makes the tale of the counterculture as a project of new reality (commensurate with radical political shifts) absolutely irrelevant. There are not many options left: either join the system, or remain in the "niche", or declare oneself an outsider, a marginal persona. A persona with no chance for leadership. Or a decorative leader.

This tendency was best revealed in music. The new album "Proletkult" ("Proletarian culture") by Lyapis Trubetskoy, country's best commercial project, consolidated the band's image as "circus of cosmic outsiders". Mikhalok's team has always attentively monitored pop market tendencies. Their perfect "vaudeville antiglobalism" makes for a good example of how radical social actions can be turned into a set of stage amusements. March-like militant but cute songs that denounce mysterious "capitalists", promise "the new world", cite popular children's books from the early 1960s and quote applicable lines from Mayakovski, Tolstoy and Pushkin, are too overloaded with borrowed symbolism for us to take them seriously. And too tentative for somebody to be offended or inspired. Lyapis Trubetskoy are actively exploiting the heroic image of a tattooed pop rebel. But they do it very cautiously: just to the extent that will not make the local authorities nervous or frustrate the touring schedule.

The most symbolic edition of the year is also marginal: the hand-made pocket book "Yopity" ("Geessays") by Siroshka Pistonchyk (Siroshka Womanizer) and Ulasik Smarkach (Ulasik Snotnose), a plucky literary project by the poet Sergey Prilutsky. Again balancing between "high" and "vulgar" art. Again beyond the common. But the provocatively "wrong" pseudo-profane Prilutsky's prose accomplishes its mission: it pushes the envelope, which impels Belarusian literature to develop.

The launch of the first Belarusian horror film at Belarusfilm motion picture studio is also highly significant. Andrey Koudinenko's "Massacre" is definitely not capable of exonerating

the studio before millions of viewers. But it is the attempt to master "trash" popular genres that is important, which is opposed to obsolescent patriotic comic strips about spies, snipers and SWAT squads. Marginal genres are a strait way to folklore traditions, that is, to national identity.

The striving for *risqu * prose reveals itself in even sharper forms. The aesthetic ethno chants were not fashionable in 2009, the latest fashion was psychedelic refrains of Loop of Bias band and grotesque marginal Mikhey Nosorogov's cabaret. Tom Waits' depressed swank is mixed with four-letter-word folklore and multiplied by eternal (post)Soviet bohemia melancholy.

The hand-made music video of the band "Razbitae sertsapatsana" ("Dude's Broken Heart") made a local stir: naked but body-painted artists dancing to their own tune and bravely showing their privates. The public opinion was split — from absolute delight to full disapproval. The artists' inclination to scandal and extreme measures is very indicative. Shock amusement is the last weapon of an author who has exhausted his palette. Or a desperate attempt to seek after style in when all styles have depreciated. Actually, culture has returned to its starting point. And is ready for a restart.

It was precisely the "naked" art calendar "End of Words" that blew up the inertness of "cultivated" Belarusian public. The project (idea by Maryjka Martysevich, concept by Darya Sitnikova) was an attempt both to revise the sugary myth of the poet as a gods' favorite and to play with gender stereotypes. Belarusian literary figures who participated in the project enclosed their texts with the photos. And this range of eccentric pictures by means of "glamour" codes was called to draw attention to the marginal (for the majority) activities of Belarusian authors.

The response was mixed but predictable: the conceptual content of the project was appreciated by only a few people. The public at large (just like the majority of the media) saw only the "scandalous" side: "The poets stripped naked!" and started a lively discussion as to "Is a man of letters allowed to take off his pants?". "End of Words" walked on the verge of the acceptable and drew such a wide public response, that none of the "other" culture projects had witnessed for a long time.

In our society of cautious transitivity, marginalism is turning into a popular role and cultural mission. It is the marginal personas

that are clearing the waste of dead canons of culture for fresh sprouts of new Belarusian culture. But the marginal personas themselves have no prospects for development in the current situation. Well, there is no actual need for that: the ruling social system presupposes neither renewal nor rotation of basic cultural codes.

The underground as a creative laboratory and a site for experiments is ghettoized, instead of being developed. It seems like we witness the new "lost generation" to be emerging. New underground people with no hope for a better life.

HEALTHCARE: HIGH TECHNOLOGIES vs MANAGEMENT INEFFICIENCY

Maria Eismont

Summary

In 2009 the following problems and policies were raised as top priority for the Ministry of Health and the system of public health in general: the development of the ambulatory care; the elimination of the medical personnel shortage; increase in the number of hi-tech operations. The list also contains an article about the activation of measures directed at saving resources. 2009 was a breakthrough with respect to the introduction of complicated surgery technologies. At the same time this year revealed the operating efficiency of the Ministry of Health. At the beginning of the year there was a jump in medicine prices in the country; at the end of the year the Belarusian pharmaceutical service and the whole system of public health appeared unprepared to the epidemic growth of flu rates.

Tendencies:

- the policy of introducing high technologies in medicine and increase in accessibility of hi-tech medical aid for the population continued;
- financing of the sector decreased; saving resources became one of the priorities of health authorities;
- realization of the government program of import substitution and efforts of the Ministry of Health to restrain medicine price increases could not prevent a jump in prices;
- flu epidemic as part of the pandemic has revealed the inefficiency of the Ministry of Health.

Transplantation as mass-production

2009 certainly added a new page to the history of Belarusian medicine. Three types of transplant operations were performed for the first time in the country: a heart transplant operation, a child's kidney transplantation, and a pancreas and kidney simultaneous transplantation.

The first heart transplantation in Belarus was performed in the night of 11/12 February, while the second operation followed less than a month and a half later. On April 7, transplantation specialists gave third patient another chance to live, having transplanted a

donor heart to him. In total during a year 11 heart transplant operations were performed.

In the night of 6/7 April the first two kidney transplant operations were performed on children from parents at the 2nd Children's clinical hospital, with the expertise of the Republican Center for Urology and Nephrology. This is a significant event in Belarusian medicine: until 1997 Belarusian children suffering from chronic nephritic insufficiency died without having received medical aid. On May 10, 1997 in Minsk the centre of children's hemodialysis was organized in the 2nd Children's clinical hospital. Children got the chance to reach maturity and only then to hope for kidney transplantation. Some kids were operated on abroad, but they were isolated cases.

At last, during 2009 *eight* children's kidney transplantations were performed: four were living-related transplantations, from parents to children, and four — from deceased donors. An equal number of analogous operations were performed on Belarusian children abroad during the last ten years. On June 13, 2009 in Belarus the first and so far the only simultaneous transplantation of pancreas and kidney was performed.

Last year in Belarus 25 liver transplantations were performed; 85 of them kidney transplantations, 127 bone marrow transplantations and transplantation of hemopoietic cells to adults and children. All transplantation operations in Belarus are performed at the expense of the budget. For patients with transplanted organs the post-operational treatment is also free. Throughout the whole life they have to take medicine to prevent rejection of transplants.

On average, the treatment of one Belarusian with a transplanted kidney costs the state budget around USD 5,000. The same sum is required for the treatment of patients with a transplanted liver. Twice more is spent for maintenance of immune systems of patients with a transplanted heart — USD 10 — 12,000 a year.

According to the Ministry of Health, 2009 is a year of breakthrough in the sphere of high technologies in medicine. In all regions of the country such difficult operations as diagnostics of coronarography, implantation of pacemakers, stenting of arteries, including coronary are performed. There were made 3,045 hip replacements and 465 knee joint replacements. There are achievements in neurosurgery — endovascular means of intervention in pathology of cerebral blood vessels and spinal cord

vessels, minor traumatic microsurgical techniques of brain tumor removal, etc.

Financing down, saving up

But all successes occur against the background of sharply reduced state spending on public health services. Because of this it is possible to draw the conclusion that medical services receive less necessary financing including the ambulatory level, the development of which belongs to one of the priorities in the public health system in 2009. The Ministry of Health made an attempt to reorient resources from hospital level to ambulatory. According to preliminary data nearly 35% of all public health funds were directed to the primary sector of medicine. This is done in order not to admit patients into hospital. Thus in-patients are stopped at the level of polyclinics where the treatment costs less for the state.

At the beginning of 2009 the consolidated amount of the state public health financing was estimated as BYR 6.64 trillion or 3.9 % of GDP¹. At the beginning of 2010 it was found that in 2009 the public health system had received only BYR 4.889 trillion², or 3.31 % of GDP. Hence, according to the official statistics, expenses in public health services per person also decreased: if in 2008 on average USD 234 was spent on treatment of one person, in 2009 this was only USD 189.

Despite the lack of financing the Ministry of Health does not forget about the obligations undertaken at the beginning of the year to activate the measures directed at rational use and economizing on resources. At the end of the year the department reported that the funds saved by the organizations of the Ministry of Health stood at BYR 48.8 billion³. The budgetary fund cuts were done at the expense of the optimization of hospital stock (BYR 1.1 billion), established posts (BYR 1.5 billion) and other actions (BYR 35.8 billion). "Other actions" that provided the basic part of the cuts made in funds allocated to people's health include reduction

¹ Interfax: <http://www.interfax.by/news/belarus/52062>.

² TUT.by: <http://news.tut.by/economics/161630.html>.

³ Web site of the Ministry of Health of the Republic of Belarus: http://minzdrav.by/med/article/see.php?&art_nid=334.

of hospital stock and reduction of expenses on medical products and products of medical purpose.

The medicinal market: struggle with prices and import

2009 began with a jump in medicine prices. In January in Belarus the prices for medical products grew 20 – 34 %. In February the Ministry of Health stated the intention to offer all legal bodies and individual businesses that have licenses for pharmaceutical activity to provide the lowest possible wholesale and retail prices. The Ministry of Health sent the Ministry of Economy a proposal to expand the list of Belarusian medicines from 128 to 221 titles, the prices of which are regulated by the Ministry of Economics.

The proposal was accompanied with threats: the Ministry of Health stated that every week it would carry out additional monitoring of retail prices of the most demanded medicines (domestic and import) in drugstores of all patterns of ownership. In case of revealing substantial increase of retail prices for separate titles of medicines, perpetrators would be seriously punished up to depriving them of their sales license.

In spring it became clear that it wouldn't be possible to curb the prices. On May 20, the head of the department of pharmaceutical inspection and the organization of medicinal provision of the Ministry of Health Lyudmila Reutskaya stated that at the Ministry the Social Council for the Control of the Prices for Medicine was created and it would work out "the ideal prices" for powders and pills. At the beginning of May more than one hundred manufacturers of medical products were invited to sign the "Memorandum on restraint of the prices for medical products". As compensation for the annual moratorium on prices the Ministry of Health promised to producers and importers of pharmaceutical products to cancel the customs duties and the value-added tax for those medicines that are imported from Russia. Promises concerned also the decrease of the registration rate for new medical products. However out of 100 domestic and foreign firms hardly more than half of them signed the memorandum⁴.

⁴ Web site of the Ministry of Health of the Republic of Belarus http://www.minzdrav.by/med/docs/sprav/Farm_producers_and_distributors.doc.

It remains obvious — and the Ministry of Health understands it — that the suppliers of medicines are ultimately guided by exchange rates, and producers by the cost of imported substances. As a result, according to *Belsat* data in 2009 in Belarus the medicine prices grew by 20–24 %. The efforts of the Ministry of Health directed at correcting the pharmaceutical market were regarded by many analysts as an attempt to create competitive advantages for domestic medicines.

It is important to note that in 2009 the topic of protection of domestic medicine producers was brought to a new scale. To protect the interests of domestic producers the Belarusian authorities created a rigid monitoring system over imported foreign medicines. In particular, the permission to import foreign medicine can only be obtained if it is not produced in Belarus or its production is insufficient to satisfy the needs of the population.

In the first quarter of 2009 in comparison with the same period the previous year the import of foreign medicines was almost 23 % less⁵. At the same time the amount of medicine production in January–November 2009 in Belarus increased by 7 % in comparison with the same period in 2008. The Chairman of “Belbiofarm” Mikhail Cherepok stated with pride that every second packing of medicine in the market is produced in Belarus⁶.

On December 2, 2009 the Council of Ministers passed the program on development of import substituting production of pharmaceutical substances, ready medicinal and diagnostic means (“import substituting pharmaceutical production”) for 2010–2014 and till 2020⁷. During the realization of the state program it is planned to develop and organize the industrial release of 36 pharmaceutical substances, 110 medical products (including 53 original), 20 herbal medicine and biological compensators, 33 new sets and reagents for hospital-laboratory diagnostics of diseases.

At the press conference on October 12 in Minsk the vice-president of “Belbiofarm” concern Pyotr Mandrukevich informed

⁵ When the article was written the statistics on 2009 were not yet available.

⁶ BelTA: <http://www.belta.by/ru/actual/interview?id=431689>.

⁷ NAVINY.by: http://naviny.by/rubrics/economic/2009/12/10/ic_news_113_322620/

that in Belarus five new pharmaceutical factories were under construction⁸. One enterprise will be built in Logoisk, two — in Vitebsk. "Belmedpreparaty" will erect a new factory in Minsk on the basis of the "Integral" plant. The Russian businessman Vladimir Bryntsalov is also building a new factory of 6,000 square meters in area on the basis of "Dialek" unitary enterprise in Minsk.

Epidemic of concealment

In November 2009 in Belarus the growth of flu had been stabilized. The situation connected with the spread of the disease including pandemic flu A/H1N1 highlighted a number of problems including inefficiency of work of the Ministry of Health.

The pandemic of the so-called "swine" flu was announced by the WHO in June. But the state republican unitary enterprise "Belfarmatsiya" did not consider it necessary to spend a hundred thousand Euros for purchasing an effective remedy for its treatment, the medicine "Tamiflu", to build a stock of it so that in case of emergency all clinics of the country could be supplied with this medicine. As to the second medicine that is effective against virus A/H1N1, "Relenza", it was not registered on the territory of Belarus at all.

When in November cases of "swine flu" started to be registered and the death rate of pneumonia caused by the virus A/H1N1 in hospitals increased rapidly it was found that the Belarusian pharmaceutical service and the whole system of public health were not ready for an epidemic rise of flu incidence. In drugstores there was a shortage of anti-flu medicine and in hospitals there was a lack of equipment for artificial ventilation of lungs. The Ministry of Health was cautious and brief while making comments on the situation; the disease statistics and the number of fatalities caused by flu A/N1H1 was suppressed. Two independent publications, newspapers *Komsomolskaya pravda v Belarusi* and *Nasha niva*, received warnings from the Ministry of Information for publication of supposedly inadequate information about the situation concerning "swine flu" in the country.

⁸ NAVINY.by: http://naviny.by/rubrics/zdorovie/2009/10/12/ic_articles_292_164921/

Only in February 2010 it turned out that in 2009 in Minsk 11,550 people⁹ had been hospitalized with the diagnosis "pneumonia". In resuscitation departments of the capital 123 people died from pneumonia, 88 of them were diagnosed with the virus of pandemic flu A/H1N1. The statistics on the whole country is unknown, officially it has not been reported.

One more fact that attracts the attention is that none of the officials of the Ministry of Health was dismissed; at the official level no names of those who "overslept the epidemic" were published, not even administrative penalties were handed out.

⁹ *BelaPAN*: <http://belapan.by/archive/2010/02/22/>

SPORT STUCK IN THE DEVELOPMENT MODEL

Boris Tasman

Summary

In the post-Olympic year, Belarusian sport showed clear signs of degradation. Belarusian athletes' achievements on the world and European forum were limited, in contrast to the previous period. The track-and-field athletes' failure at the Berlin championship was especially acute: not a single medal was earned. Swimmers, sport gymnasts, cyclists, fencers also showed poor results.

The national football team under Head Coach Bernd Stange from Germany played unsuccessfully in the World Championship play-off qualification. The doping disqualification trial for Olympic silver and bronze medal hammer throwers Vadim Deviatovski and Ivan Tsikhan remained unclear and was postponed until 2010. Beijing hero Andrei Ariamnov really shocked the Belarusian public when he was repeatedly caught drunk behind the driving wheel. He was temporarily stripped of the presidential grant.

Triumphant victories in kayaking and canoeing in World and European championships were like a breath of fresh air in the mildewed atmosphere of these scandals. Nevertheless, the resignation of then minister of Sport and Tourism Aleksandr Grigorov was a settled question. His place was taken by Oleg Kachan, but he did not show himself in action for half a year. Resounding resignations took place in hockey as well: Canadian coach Glenn Hanlon resigned from the national team, and soon the former Interior minister Vladimir Naumov quit as head of the Hockey Federation of the Republic of Belarus.

Tendencies:

- Belarusian kayaking and canoeing athletes become world leaders;
- sport functionaries do not shun falsifications;
- most sports are lagging behind in technological terms;
- Belarus is losing its positions in traditionally prize-winning sports;
- game sports suffer from unprofessionalism;
- budget financing proves to be less and less efficient.

Gold-bearing water

In all 2009 world championships Belarusians won only 12 medals (4 medals for gold, silver and bronze respectively) in 48 Olympic sports. Since 2003, Belarusian sportsmen and women have been winning less and less medals (see the medal chart from the newspaper PressBall).

Chart. World championships 2003–2009

| | Gold | Silver | Bronze | Total |
|------|-------------|---------------|---------------|--------------|
| 2003 | 5 | 9 | 14 | 28 |
| 2005 | 5 | 5 | 9 | 19 |
| 2007 | 6 | 6 | 4 | 16 |
| 2009 | 4 | 4 | 4 | 12 |

To mislead the public and conceal the actual situation, one functionary of the National Olympic Committee (the NOC) released information about 527 medals in late 2009. The article "Last year performance in sport" on the NOC website contains the same information: "The old year's medal harvest turned out to be really rich. 527 medals (167 gold, 166 silver, 194 bronze) in world and European championships and cups is best result in the history of Belarusian sports...

We did quite well in Olympic sports: Belarusian athletes stepped on the podium 208 times (66 gold, 65 silver and 77 bronze medals)".¹

Only if the NOC counted everything from waterskiing to boat model making, arm wrestling and power lifting they could get this wide discrepancy with the actual situation. Probably, "Uncle Johnny and Aunt Mary cups" were counted in together with world championships. That is how petty functionaries blow smoke into the eyes of their bosses and the public. But it obviously did not work because just three weeks after New Year president Lukashenka dismissed Gennady Alekseenko, the president's assistant on physical education, sports, and tourism development issues and first vice-president of the NOC.

In 2009 all 4 world gold medals were won in sculls – one by the outstanding Katerina Karsten, other three by kayakers Roman Petrushenko and Vadim Mikhnevich (double sculls) and together with Aleksei Abalmasov and Artur Litvinchuk (coxless four). They are all Beijing champions. The canoeist Denis Garazha, 21, made his debut in significant tournaments and won. All in all the national Belarusian kayaking and canoeing team won 7 gold medals in the Canadian World Championship: 3 in Olympic and 4 in non-Olympic sports. The Germans scored equally, others fell significantly behind.

¹ See <http://www.noc.by/news/htnews/601/>

Belarusian kayakers and canoeists also won 2 gold and 1 silver medals in Beijing 2008. This invariable success is not accidental. The Chief Coach Vladimir Shantarovich was getting experience during his 14-year work in junior, youth, adult and trade union teams in the USSR. His experience and analytical mind convinced him that the learning and training process required a scientific approach. Currently a sports physician, a masseur, a psychologist, a physiologist and a biochemistry specialist help the team of coaches train the national team of kayaking and canoeing. The athletes undergo an all-year-round control in the Problem-solving Laboratory of Gomel State University under Prof. Gennady Narskin. Vladimir Shantarovich cooperates with Specialized Children and Youth Sports Schools of the Olympic Reserve (commonly abbreviated in English SDUShOR). But this system also suffers from some shortcomings: women teams show no great results.

The national freestyle team also has such level of education and training. As a result, ski acrobats successfully compete with American, Canadian and Chinese athletes and please the Belarusian nation with medals. This does not hold for other sports.

Using old templates

How did it happen that while the Olympics of 2008 brought 19 medals (record for Belarus as a sovereign nation), the 2009 results are so embarrassing? In Beijing track-and-field athletics brought 7 medals, weightlifting and kayaking and canoeing 3 medals each, boat racing and gymnastics 2 medals each, Greco-Roman and freestyle wrestling 1 medal each, in a total of 7 sports.

In 2009 the kayakers confirmed their position, power lifters, boat racers and gymnasts lost 1 medal each. The wrestlers won 2 instead of 3 medals, Sergei Shundilov (judo) and Victor Zuyev (boxing) also added 1 medal each. So, not counting track-and-field athletics, the total is again 12 medals.

Some track-and-field athletes did not confirm their Beijing triumph. In Berlin the Olympic champion Oksana Menkova (hammer-throwing) did not qualify for the final. The Olympic champions Natallia and Andrei Mikhnevich (shot put) remained at the 4th and 7th places respectively. Nadezhda Ostapchuk did not go to Germany, but just 3 days after the world championship won

the Belgrade tournament. The Olympic silver medalist Andrei Kravchenko (decathlon) remained at the 10th spot.

The Olympic champions in hammer-throwing Vadim Devyatovsky (silver) and Ivan Tsikhan (bronze) were at odds with the International Olympic Committee for their doping disqualification. The athletes filed a suit to the International Court of Arbitration for Sport (CAS) in Lausanne to appeal against the procedure of doping probes.

The chief coach of the national track-and-field athletics team Anatoly Baduev pointed out that athletes need a post-Olympic break when he accounted for such a complete failure. But we must disagree, because in Belarusian "top" sports – hammer-throwing, shot put and decathlon – other Olympic champions stepped on the Berlin podium again. They represent different countries: three shot putters Valery Vili (New Zealand), Tomasz Majewski (Poland) and Christian Cantwell (the USA); hammer-thrower Primoh Kozmus (Slovenia), decathlete Leonel Suarez (Cuba). Only women's hammer-throwing podium see changes (Yipsi Moreno from Cuba is on maternity leave). These athletes, including the great sprinter Usein Bolt, Jamaica, did not need any break.

The chief coach Vladimir Shantarovich is sure that athletes of higher qualification require only a 24-day holiday, just like other working people. It is obvious that we see 2 diametrically opposed approaches to education and training. Our track-and-field athletes are on the margins of international progress in technology. Other facts also speak for that: in Berlin 23 out of 25 athletes did not reach their peak form and showed significantly worse results compared to earlier starts. The 2000 Olympic champion Ellina Zvereva and 2003 world champion Irina Yatchenko demonstratively overstepped in qualifications as they did not want their poor performance to be formally recorded. Belarus did not manage to nurture world class athletes in other 42 (!) kinds of sport like running, jumping, and other types of throwing, race walking. Nevertheless, Baduev and his henchmen Tatyana Ledovskaya, Yuri Moiseevich et al. had cart-blanche to bring Belarusian athletics (referred to as «the queen of sports» in post-Soviet countries) nearly to death.

Belarusian athletes used to be very successful in aerobic gymnastics, fencing, and shooting. But amateurishness of functionaries and, probably, corruption brought them to a state of

"half-decay". Nevertheless, State Coach Antonina Koshel, who had been responsible for gymnastics for many years, received a NOC medal for services in promotion of the Olympic movement. Meanwhile, Alina Sotnikova, the single Belarusian representative in World Gymnastics Championship came 39th, 64th, 88th (twice) and 96th. Perhaps the NOC should receive a medal for services in distortion of reality!

Semi-pro

The women's basketball team became 4th in the European Championship and qualified for the World Championship 2010, which is definitely a considerable achievement. The team of Anatoli Buyalski was 3rd in the European Championship 2007 and 8th at the Olympic Games 2008. Unfortunately, Anatoli Buyalski is slow in introducing fresh sportsmen and veterans cannot keep up with the high tempo of the game which must be the reason that the women's basketball team lost 5 matches out of 9.

We should also mention other team sports: the national hockey team and the women's volleyball team. The national ice hockey team coached by Glen Hanlon got into the quarterfinal of the world championship. But the main contribution was made by Andrei Mezin (Russia), who has been playing goaltender for Belarus since 1998. He was chosen best goaltender of the championship. But the whole team played insipidly.

In the European championship final, the Belarusian women's volleyball team came 14th out of 16. Men's basketball and volleyball teams, women's and men's handball teams and the football team did not get through the elimination stage. Team sports are most popular across the globe. They receive huge investments in other countries which are returned by selling broadcasting rights and advertising.

Belarus focuses on budget-financing. Hockey alone "eats up" half of all allocations for sports, some sources say. But results are more than insignificant. And the reasons lie on the surface: Belarus has no professional sport leagues, hardly any professional clubs. At best, there are semi-professional, like the football club BATE Borisov and the hockey club Dynamo Minsk. Our "budget" sportsmen cannot compete with professionals supported by big business.

Naumov vs. Zakharov

Dynamo Minsk's participation in the Continental (or Kontinental) Hockey League (KHL, Russia's alternative to the NHL) was to be one of the highlights of Belarusian sports life last year. The professional team was practically created from scratch. The first season (2008/2009) was a failure: one of the last positions in the KHL. The aim of getting into the play-offs of the Gagarin Cup (16 best clubs out of 30) required serious measures. In summer 2009 the club signed contracts with the best hockey players from Finland, Sweden, The Czech Republic, and Canada. Glen Hanlon was invited to coach this team. It required USD 20 to 30 million investments, which is big money in a Belarusian context. Head of Federation of Hockey of the Republic of Belarus Vladimir Naumov referred to certain unnamed sponsors to the question about such significant financing. The establishment of the farm-club Shakhtior ("Miner") (Soligorsk) to support HC Dynamo Minsk provoked speculations that "Belarusian Potash Company" was the main sponsor.

But even the team work of the Canadian coach Glen Hanlon, the Finnish hockey team captain Ville Peltonen and the best Finnish forward Jussi Mackonen together with the Slovak defenseman Richard Lintner (world champion 2001) led to nothing. A series of losses followed rare victories. During the home match with Amur (Khabarovsk) in last October, somebody's patience gave way and Naumov announced Hanlon's dismissal. The Canadian coach gave it some thought and resigned as Chief Coach of the Belarusian national team as well.

There were less than 4 months until the Olympics left. That triggered backstage games and Mikhail Zakharov was appointed head of the national team. He coaches "Yunost" (Minsk) and plays hockey in Aleksander Lukashenka's trio. Nobody asked for Vladimir Naumov's opinion: he felt offended and resigned. It should be noted that by that time Zakharov had already been appointed coach of the Ukrainian national team.

Those spontaneous resignations worked negatively on the team and Dynamo lost the play-off qualification, with just a little better scoring. In the Olympic Vancouver, the national team did make it into the quarterfinal.

"Black holes"

In late 2009 two parts of the multifunctional sports complex Minsk Arena were unveiled: the covered skating stadium with a 400 m track and a versatile sports hall with 15,000 seats. The covered velodrome was put in commission a year before and July 2009 it held the European championship. By the way, the Belarusian athletes showed very bad results.

All three objects lie close to each other near the University of Physical Culture. There are two main issues concerning these very costly objects: firstly, how to return on the investments, secondly, how to use these modern facilities for the good of Belarusian sports. Otherwise, they threaten to turn into all-devouring black holes. The functioning of the velodrome does not give much hope.

Another palace for winter sports, the 17th in this country, was unveiled in Baranovichi. And this is a city that lacks a track-and-field athletics stadium, a standard team sports halls and football fields to raise athletes. True, the palace has a hall which will be shared by gymnasts and team games' players. Baranovichi can boast neither of professional hockey coaches nor hockey traditions.

It is good that the country constructs up-to-date sports objects. But it is done unsystematically, with no regard for demands of particular cities and types of sport. Meanwhile, there is a serious shortage of track-and-field athletics stadiums (even the capital lacks one), team sports halls, swimming pools, quality football fields, i.e. of essential sports facilities. Imbalances and deficits determine the whole picture.

Conclusion

Belarusian sports are standing still at the cross-roads. Budget financing is the primary factor stalling its further development. The economic situation in the country puts forward persistent demands to minimize non-productive expenses. But the state would not dare share its expenses with business structures, which would appreciate tax benefits for that. Private sports clubs are meat and drink for success in the sports sphere, especially for team sports.

Most sports funds are concentrated in the bureaucratic superstructure, which would never agree to reduce its profits

despite the economic situation in the country. The machinery of state funds allocators is huge. At the same time the basis of the sports system, i.e. children and youth sports schools, are suffocating without financing, which results in poor reserve performance, boosted results in junior groups and a sharp deterioration in the sports of higher achievements. The construction of sports objects without a definite purpose worsens the whole situation.

Until there are major changes in the financing of the sports domain, infighting will take place over the biggest slice of the cake. Even staff rotation in the highest echelons of Belarusian sports will bring no changes.

PUBLIC OPINION. PRESIDENT'S RATING AS LAST ISLET OF STABILITY

Sergey Nikolyuk

Summary

The analysis of public opinion revealed that the year 2009 is seen by Belarusians as more difficult than the previous one. Belarusians are worried most about a rise in prices, impoverishment of the population, unemployment and setback in production. From media topics the Belarusians were disturbed by: rise in prices, the "swine flu" epidemic, wage cuts and devaluation of the Belarusian ruble. However the economic difficulties did not affect the rating of the president. The majority of respondents blamed the economic difficulties on factors outside the responsibility of the authorities.

As to foreign policy orientation, public opinion is polarized: the number of supporters of integration with Russia is equal to the number of supporters of accession to the EU. At the same time the majority of Belarusians support an independent path of development for the country.

Tendencies:

- prevalence of pessimistic mood concerning economic well-being of the country;
- constancy of the president's rating, regardless of the direction in which the economic position of Belarusians moves;
- gradual growth of the number of supporters of integration with the EU, who equaled the number of supporters of integration with Russia by the end of 2009.

In 2009 it became clear to even to the most devoted supporters of the authorities that Belarus is not an "island of stability"; public opinion polls confirm this. In the first quarter of 2009 negative moods grew in society, however the next polls fixed the change of this trend: the public mood started to reflect the positive news.

The change of the negative trend into a positive one should have made the final assessment of 2009 in comparison to 2008 a little more positive, but this did not happen (Table 1)¹. More than half of respondents decided that 2009 was more difficult than the previous year.

¹ Data of the public opinion polls are at IISEPT website: www.iisepts.org.

Table 1. Evolution of answers to the question: "Was the last year more difficult or easier for Belarus in comparison with the previous one?", per cent

| Answer | 01'07 | 12'08 | 12'09 |
|------------------------------|-------|-------|-------|
| More difficult | 33.2 | 42.8 | 52.4 |
| The same as the previous one | 45.8 | 44.6 | 38.3 |
| Easier | 16.7 | 7.7 | 7.6 |
| No answer | 4.3 | 4.9 | 1.7 |

However with respect to private life the respondents assessed the last year more positively.

Table 2. Evolution of answers to the question: "And personally for you was the last year successful or unsuccessful on the whole?", per cent

| Answer | 01'07 | 12'08 | 12'09 |
|--------------|-------|-------|-------|
| Successful | 56.3 | 46.3 | 48.2 |
| Unsuccessful | 30.3 | 33.1 | 35.1 |
| No answer | 13.4 | 20.6 | 16.7 |

Asked about the acute problems the country was faced with, Belarusian citizens often mentioned on of following things: price increase (79.8 %; down 2.7 % from 2008), impoverishment of the population (42.6 %; up 4.8 %), unemployment (39.5 %; up 3.8 %). It should be noted that unlike the quite stable level of perception of unemployment as a threat throughout the last eleven years, the level of the estimation of impoverishment fluctuated in rather a wide range. Today, Belarusians are less afraid of impoverishment than in 1999 but more so than in 2006.

The fact that against the background of social and economic anxieties there was a general increase of alarm concerning the decline of national culture (+ 3.9 %) and violation of human rights (+ 3.1 %) attracts attention. On the other hand the urgency of the Chernobyl disaster aftermath, which was so significant three and a half years ago, is close to exhaustion (minus 2.5 %). The alarm concerning the threat from the West (minus 4.3 %) also decreased significantly. In 2006 this issue was put on the agenda by the authorities as part of the election campaign, but the crisis and other events shifted attention, leading to a new perception about which problems are important, the result of which was recorded by the December poll of 2009.

**Table 3. Evolution of answers to the question: "Which of the following are the most acute problems for Belarus and its citizens today?", per cent
(more than one answer is possible)**

| Answer | 06'99 | 06'06 | 12'08 | 12'09 | +/- |
|--|-------|-------|-------|-------|------|
| Price increases | 82.7 | 60.1 | 82.5 | 79.8 | -2.7 |
| Impoverishment of the population | 73.2 | 19.5 | 37.8 | 42.6 | 4.8 |
| Unemployment | 35.7 | 37.0 | 35.7 | 39.5 | 3.8 |
| Setback in production | 31.8 | 18.7 | 31.7 | 34.4 | 2.7 |
| Corruption, bribery | 29.7 | 27.6 | 26.0 | 25.5 | -0.5 |
| Violation of human rights | 23.3 | 22.1 | 20.1 | 23.2 | 3.1 |
| Crime | 44.6 | 23.2 | 20.8 | 22.7 | 1.9 |
| Lack of order, legality | 24.6 | 22.1 | 20.6 | 19.1 | -1.5 |
| Decrease in population | — | 21.9 | 14.9 | 13.3 | -1.6 |
| Decline of national culture | 13.1 | 10.8 | 8.1 | 12.0 | 3.9 |
| Threat from the West | 9.3 | 18.2 | 13.0 | 8.7 | -4.3 |
| Overcoming of the Chernobyl disaster aftermath | 29.5 | 25.5 | 10.6 | 8.1 | -2.5 |
| International isolation of Belarus | 9.1 | 14.4 | 9.8 | 7.8 | -2.0 |
| Public dissent | 5.0 | 7.3 | 4.0 | 6.6 | 2.2 |
| Threat to sovereignty of Belarus | — | 8.3 | 5.2 | 4.3 | -0.9 |

Moving from the problems of the year to the topics of the year (Table 4) we again find the price increase topping the list. "Swine flu" takes second place with a difference of 11.7 %, the "popularity" of which in its turn appeared to be 16.9 per cent higher than the devaluation of the Belarusian ruble. Apparently the time factor affected this: the epidemic frightened the Belarusians more at the end of the year while the devaluation took place early in the year. It also should be remembered that respondents, ranking events on the degree of importance, are inclined to prefer the negative ones and those that are emphasized by the mass media. Therefore it is quite natural that the dialogue with the West, the IMF credit and the Belarusian European Forum appeared at the end of the list.

The January devaluation, in our opinion, deserves separate consideration. Firstly, it is the first time that an event like has occurred in the contemporary history of Belarus. Secondly, it was preceded by a public statement of the head of state that in 2009 the decrease of the Belarusian ruble exchange rate in relation to dollar would not exceed 5 %.

Two weeks before the devaluation, 52.2 % of respondents agreed that "it is rather probable", only 8 % of those interviewed

adhered to the opposite point of view. Nevertheless in March 55.2 % of respondents stated that the devaluation appeared to be "absolutely unexpected". The most popular explanation of the event is the "the authorities deceived people without warning them about the forthcoming devaluation" (64.2 %).

Table 4. Distribution of answers to the question: "Which of the following do you believe is the most important event of 2009 in Belarus?", per cent
(more than one answer is possible)

| Answer | % |
|--|------|
| Rise in prices for basic goods and services | 59.7 |
| "Swine flu" epidemic | 48.0 |
| Real wages and pensions cuts | 38.0 |
| Devaluation of the Belarusian ruble by 20.5%, on January 2 | 31.1 |
| Economic crisis deepening in Belarus | 22.8 |
| Belarusian-Russian "milk war" | 15.9 |
| Developing the dialogue between Belarusian authorities and Western countries | 14.0 |
| Refusal of Russia to grant Belarus the rest of the promised credit | 11.4 |
| International Monetary Fund granting credit to Belarus | 8.9 |
| Non-recognition of Abkhaz and South Ossetian independence by Belarus | 4.8 |
| Belarusian European forum which took place on November 14 | 4.6 |
| Other events | 0.5 |
| No answer | 2.4 |

As to practical consequences of the devaluation for the respondents, 45.5 % noted that it affected them considerably, 35.4 % were affected insignificantly and 13.8 % said they were not affected. The majority of respondents blamed the devaluation on the International Monetary Fund (43.8 %). The respondents did not overlook the role of the authorities: 20.2 % attributed the devaluation to the wrong course the Belarusian economy has taken.

Lukashenko's electoral rating did not suffer from this negative arithmetic; this is one of the most noticeable results of 2009. In March it was 39.2 %, in June 40.9 %, in September 39.4 %, and in December 42.5 % (Table 5). The last result turned out to be highest, which is probably connected with the November rise in pensions.

Table 5. Real cash income of the population (per cent, compared with the previous year) and approval rating of president Lukashenko

| Year | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 |
|-----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Real cash income | 114 | 128 | 104 | 104 | 110 | 118 | 118 | 113 | 113 | 103 |
| Rating of Lukashenko* | 36 | 41 | 30 | 29 | 39 | 47 | 55 | 46 | 41 | 41 |

* Average value over a year.

It should be mentioned that stability of the electoral rating of the head of state remained high against the background of the significant decrease in growth rate of income of the population. This is a new tendency. It will be recalled that at the turn of 2002 – 2003 the historical minimum (26.2 %) of the electoral rating of Lukashenko was recorded, which correlated with the decrease in the real cash income of the population. When from the second half of 2003 oil began to rise in price on world markets, the approval rate of the head of state increased along with the growth of real income of the population.

In many respects the stability of Lukashenko's approval rating is supported by official propaganda, which persistently advances the idea that the economic crisis is a global phenomenon and the Belarusian authorities are not to blame. Tables 6 and 7 partly reflect these efforts.

Table 6. Distribution of the answers to the question: "If you believe that the Belarusian economy is in crisis, to what degree do you think it is possible to consider it a consequence of the country's leaders economic policy of the last years?", per cent

| Answer | 12'08 | 03'09 | 12'09 |
|--|-------|-------|-------|
| Practically in full | 14.5 | 17.5 | 23.7 |
| To a considerable degree | 24.3 | 34.6 | 27.9 |
| To a small degree | 17.1 | 16.5 | 18.2 |
| I cannot say it was the reason of crisis | 13.1 | 9.4 | 10.7 |
| No answer | 31.0 | 22.0 | 19.5 |

Finishing the topic of the stability of Lukashenko's approval rating, it deserves mentioning that the crisis was preceded by almost five "rich" years and the public mood does not change overnight. Meanwhile, the probability of changes in 2010 should be estimated as rather high.

Table 7. Distribution of the answers to the question: "If you believe that the Belarusian economy is in crisis to what degree do you think it is possible to consider it a consequence of the of global financial crisis?", per cent

| Answer | 12'08 | 03'09 | 12'09 |
|--|-------|-------|-------|
| Practically in full | 27.5 | 32.5 | 31.3 |
| To a considerable degree | 29.7 | 37.7 | 38.7 |
| To a small degree | 10.8 | 8.2 | 10.2 |
| I cannot say it was the reason of crisis | 3.6 | 1.2 | 2.7 |
| No answer | 28.4 | 20.4 | 17.1 |

The relative stability of the level of indicators of social well-being for the last two years is one more proof of the fact that in 2009 the crisis affected the Belarusians only indirectly. In this sense the evolution of the answers to the question is significant: "If in your city (area) actions are taken against deterioration of the economic situation, will you participate in them?" The part of the respondents declaring their readiness to take part in protest actions is stable enough (opinions of respondents concerning such readiness should not be taken for real readiness to act). In September 2008, 15.7 % of the respondents declared their readiness to protest, after three months there were by 2.9 % more of them but after a year the number of the Belarusians declaring their wish to protest returned to the pre-crisis level of 14.2 %.

Finally, 2009 offered one more surprise. For the first time in the history of carrying out national surveys the number of supporters of accession to the European Union exceeded the number of supporters of integration with Russia (Table 8). In this connection some experts started to talk about the changes in the system of values of Belarusian society. Perhaps one should not jump conclusions. We face just another result of the influence of propaganda on public opinion. In 2009 the authorities publicly recognized the inefficiency of a "one-winged flight" and started reformation the Belarusian foreign policy monoplane into a biplane. In a sense they were successful at it, which was reflected by the polls in the second half of the year.

At the same time, when the specific wording of the question is changed, the number of European-minded Belarusians starts melting away. Answering the question: "What, in your opinion, is a historical way of Belarus?" the variant "the own special way"

(55.0 %) was unrivalled. There appeared to be more than twice fewer supporters of "the general way of the western civilization" (23.6 %), and almost as many respondents supported "returning to the Soviet way" (20.7 %).

Table 8. Evolution of the answers to the question: "If you were to choose between a union with Russia or accession to the European Union, what would you choose?", per cent

| Answer | 06'06 | 03'08 | 12'08 | 03'09 | 06'09 | 09'09 | 12'09 |
|---------------------|-------|-------|-------|-------|-------|-------|-------|
| Union with Russia | 56.5 | 45.3 | 46.0 | 42.4 | 42.1 | 38.3 | 42.1 |
| Accession to the EU | 29.3 | 33.4 | 30.1 | 35.1 | 41.4 | 42.7 | 42.3 |

In conclusion, expectations of Belarusians from participation in the "Eastern Partnership" program. The answers were distributed as follows: "the possibility to go to European countries for work and study" 37.7 %, "the approximation of Belarus to European political, economic and cultural standards" 29.3 %, "involvement of European investments and technologies" 27.8 %, "accession of Belarus to the European Union" 21.2 %. The other 21.1 % of respondents answered that they do not care (the question allowed more than one answer).

ECONOMIC CRISIS: 2009 AS MIRRORED BY PUBLIC OPINION

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Summary

In 2009 the economic crisis became an accomplished fact in the public perception; the number of the people who experienced the crisis had substantially increased. Admitting the reality of the financial and economic crisis, throughout the first six months of 2009 the public opinion still tended to believe that in Belarus “the scale of the disaster” was not as big as in other countries. The end of 2009 was marked by the proportion of respondents who thought that “the economic crisis is present in Belarus, and its scale is not less than in other countries” exceeding those who having a more optimistic view. The adaptation strategies to the crisis are individual (in opposition to collective) and “regressive” (which assumes the deviation from a social position). In the public perception, the current crisis is seen through the prism of the crisis in the 1990s.

Tendencies:

- the growth of the number of respondents who admit the reality of the crisis and influence of the crisis on their life;
- gradual replacement of the mindset towards consumption level preservation (against the background of a real decrease in incomes) by the mindset towards saving and self-restriction;
- increase of atomization of society, an aggravation of the latent and obvious animosities to each other, competition relations;
- passive adaptation to the situation is the prevailing tendency among crisis adaptation strategies;
- collective actions and social protest are perceived by the majority of respondents as impossible or improbable during the crisis.

In 2009 the main topic of public opinion polls all over the world, including Belarus was the financial and economic crisis, its perception and estimation by public opinion. As it is known, the crisis began in the USA, and quickly spread to other countries. Did Belarus join them? The official sources assured that it did not and despite the negative processes of a global nature the situation in the republic remained under control.

But except for the information from the mass media, people have their own experience and own impressions, they can

formulate conclusions, expectations and forecasts. This part of the personal experience is addressed by the questions of the public NOVAK laboratory opinion polls. The poll on the crisis was carried out monthly throughout 2009 on a representative republic-wide sample (the sample size is about 1100 respondents).

Dynamics of the perception of the financial and economic crisis

The monthly poll allowed tracking the dynamics of the public mood on a number of issues. And the first of them is the recognition that there is the crisis in the country (Table 1).

Table 1. Distribution of the answers to the question: "Today much is said about the global financial and economic crisis. Do you think it concerns Belarus?" (percentage of respondents in each month)

| | Nov. 2008 | Jan. 2009 | Feb. 2009 | April 2009 | June 2009 | Aug. 2009 | Oct. 2009 | Dec. 2009 |
|---|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| There is a crisis but less so than in other countries | 37.2 | 47.0 | 51.9 | 52.3 | 44.3 | 45.2 | 44.9 | 42.2 |
| There is a crisis and not less so than in other countries | 34.2 | 39.3 | 37.0 | 35.9 | 43.3 | 41.1 | 43.3 | 45.7 |
| There is no crisis | 9.3 | 3.3 | 2.1 | 3.4 | 5.0 | 4.0 | 4.2 | 3.4 |
| Difficult to answer | 19.3 | 10.4 | 9.0 | 8.4 | 7.4 | 9.6 | 7.6 | 8.6 |
| Total: | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

As follows from the percentages in the table, 2009 began uneasily. If in November 2008 the crisis was recognized by slightly over 70 % of respondents, in February 2009 almost 90% did so. At the same time the specific weight of respondents who did not have a certain opinion about this question (answered "Difficult to answer") during the specified period decreased twofold, and the specific weight of the respondents who did not believe in crisis in Belarus practically died out. Thus, in 2009 public opinion unambiguously signaled that the economic crisis became an accomplished fact and the number of people who experienced the crisis sharply increased.

Why did the shift occur in early 2009? The results of the focus groups carried out by the NOVAK laboratory provide an unequivocal answer to this question: the majority of respondents connect the beginning of the crisis in Belarus with the sharp fall of the Belarusian ruble exchange rate with the dollar which occurred during that period of time. As a result of the ruble devaluation the actual income of Belarusians sharply fell and prices grew.

One of the focus group participants defined the beginning of the crisis in the following way: "On New Year's eve when 2008 came to the end and 2009 began, I clearly understood that the crisis was not somewhere far, it had already reached us because there was a surge in the dollar. Probably, it is possible to call it ruble devaluation. In banks there is a flight of ruble deposits; everything is changed into foreign currency, it is natural that there is nothing to credit with. Well, it is possible to say that the bank system has appeared to be in crisis..."

Admitting the reality of the financial and economic crisis throughout the first six months of 2009 the public opinion tended to the point that "the scale of the disaster" in Belarus was not as big as in other countries. From January till April approximately half of the respondents participating in polls permanently answered that "the crisis in Belarus is present but less so than in other countries" and about a third of respondents shared the opinion that "the crisis in Belarus is the same as in other countries". In June the point of balance or the balance of public opinion was fixed when the specific weight of the respondents who believed that "the crisis in Belarus is reflected on a smaller scale than in other countries" became equal to the specific weight of the respondents who thought that "the crisis in Belarus has the same scale as in other countries".

According to the materials of the discussions in focus groups it can be concluded that the growth of uneasiness of public opinion in estimation of the economic crisis and its scale is connected with an aggravation of the problem of the scale of production which touched many enterprises and labor collectives. As a consequence we see incomplete working weeks, essential reduction of salaries and reduction of workplaces.

A focus group participant tells us about the situation at a factory in Gomel: "Since May 2009 we have passed to four-day work... I do not know how things are with the bosses but our salary was cut

down by half. We receive 300 – 350 thousand, some USD 100. I get 140 – 150 thousand a month... But I wanted to say something about the other thing. Now all the production stays in the warehouse, and the heads do not know where to give it away. Even if they offer barter 'we give you the machine tool, and you too give something to us, so that we could make some repair, to cover the roof or something else' all the same they do not want".

And this is a part from the discussion in Minsk: "We try to do something. To sell some tractors at least in small lots. Earlier we sold many, but now we are glad if we manage to sell a hundred. Earlier one hundred was one day of work and now we do our best for the sake of two or three. The lots are really small but people try to do something".

"Our enterprise concluded contracts with foreign suppliers in foreign currency and after the surge of the dollar problems appeared and relations with many of them stopped. Here was an enormous reduction of sales volume. As a result branches were closed and orders were withdrawn. And now the decision about reorganizing the enterprise is taken as well as reduction of staff, reshaping of structures. Many divisions were reduced, together with the branches, for example at 'Gratsija' there were 400 seamstresses – all were dismissed".

The December poll, a last one in the year, showed that the end of 2009 was marked by an excess of the specific weight of the respondents who believed that "the economic crisis in Belarus is real and its scale is not less than in other countries" over the specific weight of the respondents who shared the more optimistic opinion that "if there is a crisis in Belarus it is not so strong as in other countries of the world". From the moment of the beginning of the financial and economic crisis, people expected negative consequences and changes in their lives for the worse (Table 2).

The most widespread negative expectations connected with the crisis are reduction or freezing of income and consumption restriction. "The whole year I have constrained myself in purchases, I think about how to economize. The salary decreased, therefore all the time I think where to find additional earnings and how to save money. We save on trips, on clothes, on entertainment; we don't go to cafes and pizzerias any more" (a fragment of discussions in focus groups, Minsk).

Table 2. Distribution of the answers to the question: "What do you personally expect from the financial and economic crisis?" (percentage of respondents in each month)

| | Nov. 2008 | Jan. 2009 | Feb. 2009 | April 2009 | June 2009 | Aug. 2009 | Oct. 2009 | Dec. 2009 |
|---|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Income and salaries reduction | 51.3 | 58.8 | 53.4 | 53.2 | 56.1 | 58.3 | 56.4 | 52.3 |
| Restriction of consumption | 34.5 | 49.8 | 58.3 | 54.8 | 64.0 | 61.0 | 60.6 | 63.9 |
| Danger of losing my job | 26.5 | 30.3 | 25.4 | 27.0 | 27.6 | 31.0 | 30.0 | 26.7 |
| Limitation of additional earning | 19.2 | 22.4 | 17.3 | 10.4 | 21.9 | 22.1 | 22.6 | 20.0 |
| Difficulties with getting credit or credit payments | 21.5 | 26.0 | 14.3 | 10.1 | 21.6 | 22.1 | 22.6 | 19.6 |

Note. More than one answer was possible.

About a third of respondents noted that they are afraid to lose their job. Approximately a fifth of respondents mentioned that in connection with the crisis it is more difficult to find additional earnings (work on the side). Those who had taken credit before the crisis found out that now it became much more difficult to pay it back.

It is curious that in early 2009 to the majority of Belarusians the main sign of the materializing economic crisis was the decrease (freezing) of incomes and salaries. Later, in the second half of the year, to be exact since May-June, this took the form of restriction of consumption. If originally, despite the real decrease incomes many people tried not to reduce their consumption level maintaining it at the expense of savings then at a longer time scale this tactics turned out to be ill-advised: at some moment self-restriction and saving became the dominating lifestyle. This was immediately reflected in the sphere of trade and services.

"After January 1, 2009 people were in panic, and we were as well in our travel agency. People began to save very much. As a result there were fewer clients. If earlier, well, about two years ago, the salary grew slightly, but it grew, then it stopped, and then it went down. And the light is not seen at the end of the tunnel. We began to count how many clients we had lost. In comparison with

Christmas 2009 the number of clients who wanted to buy a tour went down by 30% in Christmas 2010. And taking into account that people began to prefer cheaper tours the agency lost much money" (a fragment of discussions in focus groups, Minsk).

Social positions: distinctions in perceptions

The data of the discussions held by the NOVAK laboratory in 2009 testify that different social groups perceive the crisis differently. For example, for those who work at a factory the crisis changed the situation sharply and drastically: the workweek was reduced, the prices for piecework fell and the sale of production stopped (reduced).

For state employees the crisis is in general a usual condition in which they have to exist. They say the same thing: "It has always been difficult to live: before the crisis was announced and after. It is a bit better or a bit worse, but basically it is always the same". Now it is a bit worse: the prices grow, and the income actually falls. But doctors' salaries earlier were small and now they remained the same. The difference is that this situation is called now "financial and economic crisis", it means that we will consider it as crisis.

Businessmen describing the situation as a rule state that they faced the decline of solvent demand and end consumers, and customer organizations. People stopped buying the same volumes as they did before, customers postpone payment for work already done, and they do not pay in advance. Deficiency of money is felt; getting business credit is extremely difficult.

The most trouble-free participants of the focus groups were students. For them, the crisis is a kind of theory. They would not mind speculating about it, based on recently given lectures, but they have not experienced its consequences personally. However, those who faced "adult" life spoke in a confused way: "they promised me work, and now they don't", "the place where I earn on the side brings me much less", "I wanted to go on courses, and they closed; they say now it is unprofitable to have such courses".

In statements of workers, state employees, businessmen the antagonism is growing in relation to potential competitors on the labor market. This antagonism is little realized by respondents,

but it is quite clearly expressed in vocabulary and intonation – offended, revolted or suppressed.

Those people with whom respondents work, at times have worked with for many years, started to cause suspicions – suspicions in connections, relationship with the heads, in cunning, reserve, intricate strategies. It seems, that all have some advantages "compared with me": people with experience, with other qualifications, women without children and without a family (and consequently, without claims for a more convenient schedule of work, holidays in summertime and "sick leaves" certificates for children) etc.

Everything what a person has, is suddenly perceived as a burden when applying for work: children, aged parents, and a piece of land (it needs money, time and care). In general, it reminds of K. Marx: "The reserve army of labor breathes down our neck". The general social and psychological effect is atomization of Belarusian society, aggravation of the latent and obvious animosity to each other and in competition relations.

Adaptation strategies

What are the personal (individual) strategies of adaptation to an economic crisis? Or, simply put how do people adapt to such a situation? The general features of crisis adaptation strategies, described by focus group participants are the following:

a) individuality, which means that everyone saves themselves as much as they can; consolidation or asking help and support from organizations, groups, funds, trade unions are not intended and not common;

b) "regressivity", which often means a deviation from that social position which the person takes now; it is loss and humility, accepting the loss. Probably, crisis stimulates action and development in some cases, but in this situation the crisis is rather a push to regress, decrease in the standard of living. Here is what the participants of the focus groups said: "if they don't pay at all we will stay at the factory all the same just to keep the place"; "People will steal and why not? Now it is different: now there are the rich, there are those whom to rob"; "We will go for unqualified work".

At the same time there is a certain hope that somewhere there are separate "lacunas" where it is possible to wait until everything

is over, to organize an easy and comfortable life, for example, to work as service staff at some rich family, to become a family doctor, teacher, tutor without taxes, without a license. The idea to go abroad is also popular. And there, there are a lot of variants, in particular the Foreign legion. People tell stories about guys who served in the Foreign legion and returned satisfied with life and with money.

Some are happy with things as they are for various reasons. One of the participants of the discussion in a focus group says: "At the computer engineering plant where I work, the workweek was cut. All worry. But I personally have more free time now. I have 3 days off, and I travel through the country with football fans (I am a football fan). The main profit of the plant is from the premise rent. The shop "Impulse" is our enterprise. We let out the premises to private businessmen. Some workers and experts have time to work both at the plant and at private enterprises during working hours (at those enterprises that rent the area from us). So those with whom I work don't find themselves in a very tight situation".

Contextual perception: the 1990s

Almost in all focus group discussions respondents spontaneously related the current crisis to the experience of the 1990s, without any help or provocation from moderators. (And repeatability of explanatory schemes in focus groups is worth a lot, testifying to their non-randomness in the public mind). Analysis of the discussions showed that the reference of respondents to the experience of the 1990s when discussing current events is motivated by different reasons.

First, it is a base for comparison, a system of coordinates which allows people to define where they are now and to estimate the present situation: whether it is better or worse than that one that occurred 15–20 years ago. The majority of respondents tend to the idea that it is better: "Earlier shops were as bare as a bone and what to expect the next day was unclear. And now it is different, it is a bit better".

Second, the experience of the 90s is a base for predicting the development of the current situation. Such prediction of respondents is in the spirit of Ecclesiastes: Whatever has already been, and what will be has been before; so all is vanity of vanities.

And if to quote certain statements of participants in the focus groups it sounds like this: "In the 90s it was very difficult, but then all gradually came to normal by itself. And now everything will be the same, we just have to wait till everything is over and settles down".

Third, the people recollect how in the 1990s all rushed into business with enthusiasm: "People went to Poland, traded. It was, so to say, euphoria but they didn't become rich". Now such strategy as a way out of the crisis in the spirit of "how to start a business" is perceived more often with irony.

At last, *fourth*, the 1990s were remembered as the time when there were a lot of strikes and rallies, but nothing came out of this although the authorities were weaker than now.

A participant of the focus group discussion says: "I participated in a strike in the 90s. Then I worked at the underground. Then the underground was a part of the railway, the salaries were good but as soon as the underground was taken by the Executive Committee of the City the salaries were cut and a new head was appointed who did not know the specificity of our work. The staff went on strike, demanding the resignation of the protŭgŭ of the Executive Committee of the City. And so, that strike didn't change anything. Only after some time that head was dismissed, not because of the strike but when someone from the higher officers wanted to dismiss him. The train drivers who went on strike were replaced by others: the drivers were dismissed from Orsha and Brest directions though they were not connected with the electric trains at the underground. This strike was just suppressed and that's all. We didn't achieve anything".

Thus, whether it is good or not, but the experience of the 1990s, in the context of which public perception comprehends the current crisis, has actually played a role of an original *vaccination* for those who remember it, and maybe not only for them. Now, during a new crisis collective action and social protest seem impossible or improbable to people.

ECONOMY

MACROECONOMICS: GROWTH BASED ON UNSTABLE FACTORS

Dmitry Kruk

Summary

The global financial and economic crisis produced a serious adverse impact on the Belarusian economy in 2009, the first manifestation being a sharp increase in the foreign trade deficit, which almost immediately affected the foreign exchange market. The one-off ruble devaluation in early 2009 helped mitigate the negative effects of the crisis on the money market, but it could not help address the fundamental reasons behind the widening foreign trade gap. To finance the balance of payments deficit the state had to take loans from external sources, and it is the administration of the country that acted as the borrower, since the private sector is not capable of borrowing on international markets. Simultaneously, the government pursued a policy to encourage GDP growth, and, indeed, the economy expanded, while qualitative disparities accumulated. Economic policies were adjusted at a later phase, reducing some of the risks for the national economy.

Many of them remained, though, therefore, the main tasks for the authorities in 2010 are to eliminate macroeconomic disproportions and create prerequisites for sustainable economic growth rather than reaching GDP expansion targets.

Tendencies:

- GDP growth continued owing to additional external borrowing and accumulation of macroeconomic disproportions in the Belarusian economy;
- the factors ensuring economic growth in previous years have almost been exhausted, and the search for new factors of sustainable growth is regarded as a priority task;
- the crisis has eventually spread over all sectors of the national economy, resulting in structural changes, affecting both the manufacturing sector and domestic demand.

The Belarusian economy showed a growth in 2009, which was not typical of Eastern Europe and the CIS, where nearly all countries reported recession. The growth in gross domestic product, even though it was insignificant, looks even more extraordinary given the fact that export markets, which are essential for the Belarusian economy, shrank even faster than national economies.

Belarus managed to ensure growth trends owing to its economic policies, which were nevertheless very seriously adjusted

during the year. In the first half of 2009, production expansion remained the top priority. To this end, the government adopted a package of measures to encourage a growth in output and an adequate increase in domestic demand, which was supposed to offset the dramatic reduction in foreign demand for Belarusian exports. As a result, GDP kept growing, but Belarus paid the price of accumulating qualitative disproportions, which created serious risks for the economy. Such disproportions included, for instance, hikes in unsold inventories and depletion of floating capital, additional risks for commercial banks, resulting in chronic liquidity shortages, and a widening foreign trade deficit, which had to be financed from foreign loans.

In the second half of the year, the government phased out some of the production incentives, which retarded growth, but smoothed the disproportions. Those adjustments did not prevent economic growth in the fourth quarter and the entire year, mostly because of the year-on-year comparison with the modest performance at the end of 2008. The authorities were taking chaotic decisions and resorted to "manual control", which could be efficient enough only for a short term, and the Belarusian economy entered the year 2010 in quite a good shape, albeit with many risks. However, by now, the government has not worked out a strategic plan to ensure long-term economic growth.

Macroeconomic dynamics

GDP

In 2009, Belarusian GDP grew 0.2% on the year in real terms, which was among the best results in the region. GDP growth was not uniform during 2009, the main reason being adjustments in the economic policy of the government.

In the third and fourth quarters of 2008, external demand for Belarusian products started falling, and its all-time low had been reached by the second quarter of 2009.

In early 2009, the government tried to guarantee high growth rates while overlooking external tendencies. The authorities justified their efforts by the absence of internal disproportions in the financial sector, which were common for the entire region. The Belarusian administration believed there were no fundamental

prerequisites for recession in the national economy and it would be logical to offset the lack of external demand by encouraging domestic demand. The government resorted to monetary and fiscal incentives, as well as administrative measures, to promote domestic demand. As a result, capital investments continued to grow in the first half of 2009, contributing 6.7% and 6.8% to GDP in the first and second quarters, respectively.

Another essential contributor to gross domestic product, household consumption, accounted for 2.9% of GDP in the first quarter of the year, but narrowed during April-June, and its contribution to GDP growth was negative, at minus 0.8%. The efforts to prop up consumer demand led to a very strong demand for imports. Since exports dropped dramatically last year, involuntary import promotion resulted in a substantial negative contribution of net exports (exports minus imports) to GDP — minus 5.8% and minus 2.5% in the first and second quarters of 2009. As a result, GDP kept growing in the first quarter, 1.1% on the first quarter of 2008, whereas in the second quarter, a contraction of 0.4% was recorded.

The results of the first half of 2009 showed that increases in domestic demand called for additional imports, which meant measures to bolster domestic demand were offset by the negative contribution of net exports to economic growth. An additional price that Belarus paid for artificial promotion of domestic demand and economic expansion was an accumulation of qualitative disproportions in all sectors of the economy: a growth in the foreign trade deficit, additional risks for banks and hikes in stocks of finished products.

The accumulation of disproportions forced the government to adjust its policy on promotion of output, domestic demand and incomes, but its focus was never shifted from investment demand. It was planned that investments could become a “growing point” without increasing the trade deficit. On the other hand, the priority status of investment demand was also consistent with the plans to enhance the competitive power of Belarusian enterprises in the long term.

Household consumption narrowed starting the second quarter of 2009, mostly due to changes in the structure of incomes and expenditures. Less determined efforts to promote domestic demand in the second half of the year brought about a reduction

in demand for imports, hence a decrease in external deficit compared to 2008. As a result, net exports made a positive contribution to GDP for the first time over the past few years. In the third quarter, economic contraction continued, reaching minus 1.8% year-on-year, but growth resumed in the fourth quarter, when GDP grew 1.8%. This was caused, again, by the comparison to the quite poor performance in late 2008. Anyway, the economy managed to grow year-on-year in 2009.

Real sector enterprises

Belarusian agribusiness managed to keep an impressive growth despite the recession; however, the positive results were mostly due to state subsidies. Whereas industrial output fell 3.6% on the year in the first half of 2009, farm output rose 6.6%, the share of agriculture in GDP increased, and overall economic expansion could be attributed to the increase in agricultural production. Farm output growth started slowing in mid-2009, and reached 1.3% compared to 2008 at year-end.

The construction sector was another fast-growing industry — it expanded 15% on the year in the second quarter of 2009 and its share in GDP increased 1.9 percentage points to 11.9%. The growth in the construction sector is explained by economic incentives, aimed at improving access to loans, extended both for housing development and non-residential construction. Extensive lending facilitated additional inflows of investments in housing construction from households' savings. A reduction in housing prices in U.S. dollar terms became another incentive for households to spend their savings on new homes.

Of all sectors of economy, growth was registered only in the fuel, chemical and cement industries. Mechanical engineering and metalworking enterprises, as well as light industry and woodworking companies were affected more than other industries, because they are more export-oriented and more vulnerable to foreign demand fluctuations. The above industries were responsible for a new significant trend of 2009, namely, an increase in inventories.

Overstocks had reached their peak by mid-2009, with unsold inventories totaling 94.6% of the average monthly output as of July 1. The chief reason behind the hikes in inventories was the

policy of setting production targets irrespective of the economic situation. At a later phase, after production targets were lifted and domestic and external demand started showing the first signs of recovery, inventories were reduced. Nevertheless, as of January 1, 2010, some 5.5 trillion rubles' worth of products was "frozen" in stocks, 67.9% of the average monthly production volume.

The crisis thus brought about quite serious changes in the sectoral structure of Belarusian GDP. The share of the sectors producing services and selling them on the domestic market was growing. The government resorted to fiscal and monetary measures to boost economic growth, but the former were limited by Belarus' obligations to the IMF, as the government had committed itself to tightening budgetary discipline. Monetary incentives, especially, efforts to ease access to loan, therefore were preferable to fiscal instruments; however, the growth in the manufacturing sector was achieved at the expense of the credit and financial sector.

Companies' finance

Many Belarusian enterprises were faced with a drop in sales margins as early as late 2008, when external demand for Belarusian exports started falling. The state policy promoting production growth aggravated the situation, as floating capital was transformed into overstocks, whereas new production cycles called for additional financing, which could only come from creditors.

During the early stages of the global crisis, only manufacturing companies working primarily with foreign buyers suffered from lower profitability rates, but the process spread over other industries, including the service sector catering for domestic consumers, in the first half of 2009. Profitability rates were falling throughout the year: the average sales margin fell to 10.3% in 2009 from 14% in 2008, and profit margin contracted to 6.1% from 7.9%.

Belarusian companies' profits fell 21.4% on the year, and net profits dropped 27.6% (in real terms, the fall was by 33.7% and 40.5%, respectively). Despite the reductions in profitability, most Belarusian companies remained profitable. The share of loss-

making enterprises stood at 7.1% of the total number, including 17% in the manufacturing sector¹.

Households

Incomes and expenditures of households

In January-June 2009, Belarusian industrial enterprises, including those suffering most, kept working in the framework of directed production and employment targets. Despite this policy, some enterprises were trying to cut costs by freezing the nominal wage and reducing staff and working hours. In January-November 2009, real wages in mechanical engineering and metalworking fell 8.1% on the year, and in the woodworking sector decreased 7.5%. In real terms, wages fell 2% on the year in the manufacturing sector taken as a whole. This was accompanied by staff reductions and loss of working hours. Nationwide, wages dropped 0.4% year-on-year in 2009. Therefore, wage differentials became more evident during the global crisis.

Overall cash incomes of individuals increased 2.9% in 2009, and per capita incomes in real terms rose 3.1%. This became possible as a result of the change in the structure of incomes: the share of compensations decreased 2.3 percentage points to 56.4%, and social transfers (pensions and educational allowances) went down 1.7 percentage points to 18.7% (in the framework of the campaign to tighten fiscal discipline).

The main source of the increase in real incomes was the so-called "other incomes" category, which includes entrepreneurial incomes, revenues from sale of farm produce, etc. It appeared that the crisis had forced people to seek additional sources of income to offset the reduction/restriction of wages.

The structure of household expenditures changed a lot, too. The average propensity to consume decreased, as the share of incomes spent on purchases of goods and services dropped to 80.8% from 84.2%. The share of incomes spent on payments of taxes and dues went up a bit, whereas the main increase in expenditures

¹ As of today, statistics on loss-making enterprises is presented not branch-wise, but by subordination of enterprises to specific ministries and concerns. According to these data, the number of loss-making organizations subordinate to the Industry Ministry amounted to 17.5% of the total.

was in the savings segment, which accounted for 5.6% of incomes, up from 3.8%.

At the same time, bank loans to households were growing slower than previously (in relation to household incomes): in 2009, retail loans increased by a sum equivalent to 4.2% of incomes, compared to 6.2% in 2008. The more significant role of savings and reduction in borrowing are important macroeconomic trends indicating substantial concentration of resources available for financing of investments on the domestic market. Furthermore, the change in the structure of expenditures determined a reduction in demand for imports and limitations of the balance of payment deficit.

It is hard to say now whether this trend reflects structural alterations in consumer behavior, as economists argue that the propensity to save is exceptionally small in the Belarusian economy, and its growth should be perceived as a transfer toward a "normal" level or as a short-term reaction to limited wage growth. Whatever the nature of the change in the structure of consumer expenditure, the tendency became an important instrument for households to respond to the crisis. On the one hand, it restricts the current GDP growth rate because of limited consumption, but on the other, it helps eliminate structural disproportions in the Belarusian economy by creating additional prerequisites for sustainable economic growth.

Commodity and service markets. Prices

Consumer prices increased 10.1% in 2009, which compares to an increase of 13.3% in 2008, and the average annual inflation rate was at 13%, down from 14.8% in the previous year. Inflation slowed down in 2009 largely because of reductions in most of the components of composite demand throughout the year. As we noted above, individual income growth was contained, and the share of consumption in overall incomes decreased, hence inflation restraints caused by limited household consumption.

Food and non-food prices grew almost the same in 2009, by 9.4% and 10.1%, respectively. Prices of fish and seafood, tea, vegetables, alcohol and cigarettes, cosmetics and pharmaceuticals increased more than the average in 2009. Fee-based services prices rose 11.9% on the year in 2009, partly due to a

17.3% rise in utility fees (which were raised with a view to phasing down cross-subsidy and reducing the burden on the budget amid the recession).

The reduction in consumer demand contained price growth in 2009, which could be characterized as "moderate". The key factors behind the increase in prices were monetary instruments aimed at promoting domestic demand by excess money supply and increment in regulated prices for the sake of alleviating the pressure on budget and state enterprises. To determine the ratio between monetary and non-monetary inflation factors, we compare the general inflation rate and core inflation rate, 10.1% and 8.7%, respectively², which indicates that government-regulated prices were growing faster than market-based prices.

External sector

Foreign trade

The country suffered a double shock in the fourth quarter of 2008 due to a collapse in export demand for Belarusian industrial goods in the Russian market and substantial decreases in prices of raw commodities in the trading partners beyond the CIS. The adverse influence of the global financial crisis on Belarusian foreign trade grew even stronger in 2009: exports both to the CIS, primarily to Russia and Ukraine, and non-CIS foreign markets almost halved year-on-year, whereas the fall in imports was less significant (especially imports from non-CIS foreign countries).

The poor non-CIS trade dynamics should be attributed to the fact that exports of ferrous metals and oil products halved in value terms, and potash fertilizer supplies fell almost three times (the three commodity groups make up 67% of Belarusian exports to countries beyond the CIS). The drop was caused by export price cuts (ferrous metals and oil products) and reduction in supplies in volume terms (in 2009, potash exports were just 20% of the 2008 level).

² Core consumer inflation does not allow for the prices directly regulated by the government, for instance, utility fees, fuel, tobacco, alcohol and sugar prices, etc. Therefore, if regular inflation rates exceed core inflation rates, the government raises administratively regulated prices faster than other prices grow, and vice versa.

The drop in external demand for Belarusian exports in the first half of the year did not result in adequate import restrictions. In trade with Russia, imports decreased in value terms because of the fall in prices for imported energy resources; however, this positive trend was offset by a proportionate reduction in prices for exported oil products. At the same time, in volume terms, imports of raw commodities remained at the level registered in 2008, and Belarusian enterprises managed to keep their production volume close to the pre-crisis level. In trade with non-CIS foreign countries, imports were almost unchanged in 2009, both in their volume and value, a result of income promotion, which bolstered demand for imported goods.

Trade with Russia showed a 23% reduction in deficit in the first half of the year, compared to January-June 2008; however, the surplus of trade with non-CIS countries contracted in January-March to 4.5% of the level reported in the first quarter of 2008, and in April-June, to 13.4% of the same period in 2008. This pushed the current account deficit up 160% on the year in the first quarter and 36.6% in the second quarter; the deficit reached a new record high of 18.6% of GDP in January-March 2009 and stood at 17.7% of GDP in April-June.

In the second half of 2009, the situation in trade slightly improved. In July-September, exports to some market outlets resumed growth following the recovery of demand, however, in most cases, export growth was connected with some sporadic local developments rather than long-term positive trends (for example, an increase in oil prices and rise in oil product exports to Western Europe). The Belarusian contract for potash supplies to India played an important role in the positive export dynamics in the second half of 2009. At the same time, the situation on the Russian market, the chief importer of Belarusian engineering products, remained unstable, and so were Belarusian exports, which never reached the pre-crisis level.

The foreign trade improvements were to a large extent due to import trends. In the third quarter of 2009, imports from non-CIS foreign countries fell 33.7%, compared to a 13.1% reduction in the first quarter. The most serious decrease was in the "investment commodities" group, the main reason being the governmental policy aimed at narrowing the foreign trade gap. As a result, in the third quarter of 2009, the commodity trade deficit shrank 43.6%

on the year and 43.5% from the previous quarter. It would not be wrong to apply the term "adaptive reaction" here, as demand for import fell, which is typical of almost all countries amid the crisis.

However, in the fourth quarter, the positive tendencies weakened. At the end of the year, both exports and imports were recovering faster than in the first three quarters, and in November, they increased year-on-year for the first time in 2009. The balance of payment deficit kept decreasing, but not as fast as in the previous quarter. In October-December, the foreign trade deficit shrank only 12.7% on the year (the deficit reached its maximum in the fourth quarter). This deterioration should be attributed to the sharp increase in car imports in late 2009 (caused by the expectation of import duty hikes in early 2010). This was not the only trend underlying the unfavorable situation in Belarusian foreign trade in the fourth quarter, compared to the third quarter.

Commodity trade showed a deficit of U.S. \$7.3 billion, an increase of 6.9% from the 2008 level to a new record high of 14.8% of GDP. In early 2010, the situation in foreign trade remained uncertain, as it is not clear whether Belarusian producers will be competitive in the post-crisis period.

Other external flows and balance of payments

Current account deficit amounted to U.S. \$6.4 billion in 2009, or 13.1% of GDP³, compared to 8.4% of GDP in 2008. Commodity trade deficit based on the balance of payment methodology reached U.S. \$7 billion (14.2% of GDP). Compared to the year 2008, the surplus of trade in services remained almost unchanged, at 2.9% of GDP. However, since commodity trade deficit was widening faster than before, the surplus in service trade was sufficient to offset only 20% of the commodity trade deficit in 2009, down from 27% in 2008.

Foreign exchange market

A massive deficit of foreign exchange became the first manifestation of the global crisis on the domestic currency market. Belarus

³ A similar deficit was observed in 1997, which was followed by the crisis year of 1998, with a deficit of 14.9% of GDP. A devaluation of the ruble by 11.6 times helped address the deficit then (January 1, 2000 to August 1, 1998).

was faced with a current account deficit even before the crisis, and net demand for foreign exchange was common for the Belarusian money market in 2007 and early 2008. This was to a large extent due to the change in the status of resident corporate entities, which prior to the second half of 2007 had acted as principal suppliers of foreign currency to the domestic market. However, the trend had reversed by mid-2008, when resident (non-financial) companies turned into borrowers as a result of taking substantial foreign loans. The new trend grew stronger in 2009, when Belarusian companies purchased about U.S. \$900 million of foreign exchange in excess of sales (net purchases) on a quarterly basis.

Finance

State finance

In 2009, the deteriorating economic situation produced a serious negative impact on state finance. Fiscal policies were subject to certain restrictions: budget revenues predictably dropped as a result of the economic setback, whereas the government was trying to use fiscal incentives to encourage economic activity while trying to keep within the rigid financial administration framework imposed under an agreement with the International Monetary Fund, which prioritized tightening of fiscal discipline.

Consolidated budget revenues amounted to 45.9% of GDP in 2009, down 5.1% on the year. In the fourth quarter of 2009, budget revenues fell by 1.6% of GDP year-on-year. Revenues from foreign economic activity decreased by 2.4% of GDP — the worst fall in all groups of budget revenues — because of the fall in oil product prices and consequent reduction in export duties. The economic downturn resulted in a reduction in profit tax-based revenues equal to 1.3% of GDP. Excise tax collection decreased by 0.4% of GDP, and revenues based on taxes on revenues (except for VAT) decreased by 1% of GDP because of the prior agriculture support tax cut to 1% of companies' revenues from 2%.

Budget expenditures shrank 3% on the year in 2009 to 46.6% of GDP. In nominal terms, expenditures decreased 11.8%. National expenditures fell by 2.4% of GDP, spending on the national economy decreased by 0.8% of GDP, partly because of the reduction in state subsidies paid to oil importers. Social expen-

ditures were the only budget item to increase in 2009 (in per cent of GDP) — they rose by 1% of GDP in 2009 because of a 9.3% rise in pensions. Consolidated budget deficit thus swung to a deficit of 0.7% of GDP in 2009 from a surplus in 2008 amounting to 1.4% of GDP.

In late December 2009, the government adopted the key parameters of the 2010 budget, envisaging the abolition of payments to the agriculture support fund, local taxes on sales, tax on vehicle sale and car park tax. At the same time, the value-added tax rate was increased to 20% from 18%. Another essential amendment to the traditional budget pattern is the withdrawal of the Social Security Fund (SSF) from the consolidated budget. As a result, budget revenues were planned at 30.4% of GDP in 2010 (or 40.7% of GDP, SSF revenues included), expenditures at 31.9% of GDP (or 42.1% of GDP, SSF expenditures included), and the budget deficit was projected at 1.5% of GDP. Expenditures totaling 1.4% of GDP have been included in the surplus fund, which means they will be financed only if Belarus manages to achieve an 11 – 13% GDP growth this year and budget revenues grow accordingly.

To offset the abolition of some indirect taxes in 2010, the government increased excise taxes on all types of fuel 9% in early 2010; however, the move aggravated the situation in the oil-processing sector, which is already under a tremendous pressure from the new terms of trade with Russia. Budget adjustments, both in revenues and expenditures, are very likely in 2010.

Improvements in the situation on foreign markets expected in 2010 allow an optimistic outlook for the Belarusian economy. The chief task for the government's economic policy will be to eliminate the risks and disproportions accumulated throughout 2009.

BELARUSIAN BANKING SECTOR AND MONEY MARKET REVIEW 2009

Alexander Mukha

Summary

The severe reduction in export proceeds in 2009 resulted in a slump in foreign exchange supply in the domestic money market. Imports of commodities and services, on the other hand, fell less sharply, which bolstered demand for foreign exchange. Growing expectations of ruble devaluation provided additional demand for foreign currency, upsetting the balance on the money market. Under these circumstances, the government and the National Bank of Belarus (NBB) applied for a Stand-By Arrangement (SBA) loan from the International Monetary Fund (IMF). Following the Fund's recommendations, the NBB devaluated the Belarusian ruble on January 2, 2009 and re-pegged the ruble to a basket of currencies.

In the second half of the year, the process of de-dollarization resumed in Belarus amid signs of stabilization on the domestic foreign exchange market: the demand for foreign exchange subsided, while ruble-denominated bank deposits increased, showing that public trust in the ruble had been restored.

Tendencies:

- global economic crisis triggered devaluation expectations and demand for foreign exchange in Belarus; however, in late 2009, de-dollarization resumed;
- ruble devaluation caused foreign trade imbalance;
- key challenges – credit, currency and liquidity risks – remain high.

Devaluation shock

The step devaluation of the Belarusian ruble against the U.S. dollar by 20.5% to 2,650 rubles to the dollar from 2,200 rubles on January 2, 2009 followed by a re-peg to a basket of currencies (consisting of the U.S. dollar, the euro, and the Russian ruble, with equal weights) was one of last year's key events. After a decade-long respite from the previous step devaluation (in 1998, after the August financial crisis in Russia), the one-off drop in the value of the national currency came as a shock for households. To compare: in 1998, the ruble was devaluated by 348.1%, whereas since the beginning of the global crisis in August 2008, the national currency has been devaluated by 37.6%, to 2,905 rubles to the dollar as of February 18, 2010 from 2,111 rubles in August 2008.

Despite the devaluation, Belarus saw spiking net demand (demand minus supply) for foreign currency since the global financial and economic crisis erupted. There were two reasons behind the increase in net demand for foreign currency: firstly, currency supply dropped because of a decline in exports, and secondly, the demand for foreign exchange hiked as a result of devaluation expectations, shift of currency preferences towards foreign currency and extensive repayment of external loans.

In the period from September 2008 through February 2009, net demand for foreign currency from all domestic money market players reached a new record high of U.S. \$5.078 billion (up from U.S. \$415.1 million in January-August 2008), which included U.S. \$2.986 billion of net demand for foreign currency from corporate entities, U.S. \$2 billion of net demand from households and U.S. \$108.8 million of net demand from banks; non-residents, on the other hand, sold U.S. \$17.8 million in foreign exchange in excess of purchases. There is no saying what could have happened to Belarus' gold and foreign exchange reserves and the national economy as a whole had the government failed to attract loans from Russia, Venezuela and the IMF, totaling U.S. \$2.788 billion (overall external financing, including Russian Gazprom's U.S. \$625 million payment for a shareholding in Beltransgaz, totaled U.S. \$3.413 billion).

The one-off devaluation of the ruble predictably resulted in a transfer of ruble-denominated deposits of households to foreign exchange deposits. Moreover, retail foreign exchange deposits exceeded savings in rubles for the first time ever. The share of currency deposits rose in 2009 to a level recorded back in 2002.

Before the crisis, households and companies used to spend and save rubles more willingly than foreign exchange: the share of ruble-denominated bank deposits of households ranged between 63.7% and 68.3% in 2007-2008, up from 26% in 1999 (after the 1998 crisis). However, by January 1, 2010, the share of foreign exchange-denominated deposits had reached 55.9%, up from 41.7% in early 2009 and 32.6% on November 1, 2008, just a few weeks into the crisis. Ruble-denominated retail deposits made up 44.1% of the total as of January 1, 2010, down from 58.3% on January 1, 2009 and 67.4% on November 1, 2008.

Furthermore, according to our estimates, households have up to U.S. \$3.5 – 4 billion in savings stored at home. It would however

be very difficult to lure at least some of this money back into the economy.

Competitiveness of exporters

One of the objectives of the ruble devaluation was to increase the price competitiveness of Belarusian exporters in conditions where the main trade partners saw their national currencies depreciate against the dollar. In 2008, the real effective rate of the Belarusian ruble against the basket of currencies of the main trade partners appreciated by 17.75% (December on December, allowing for inflation rates in partner countries), whereas in 2009, the devaluation reduced the nominal exchange rate by 19.77% against the basket.

The ruble real exchange index was thus brought back to the pre-crisis level. Moreover, National Bank Governor Petr Prokopovich believes the ruble could appreciate against the basket of currencies in 2010. For this year, the central bank had set a peg to the basket of three currencies with a $\pm 10\%$ band around central parity (the starting point being 1,036.27 rubles vis-a-vis the basket as of December 31, 2009), which means the ruble is projected to fluctuate between 932.64 rubles and 1,139 rubles to the basket.

However, the January 2009 devaluation of the ruble was not enough to balance foreign trade: currency proceeds fell by U.S. \$11.876 billion, or 31.4%, year-on-year in 2009 to U.S. \$25.911 billion, whereas payments for imports reduced by only U.S. \$10.795 billion, or 26.6%, to U.S. \$29.791 billion. As a result, Belarusian export-import operations demonstrated a deficit of U.S. \$3.88 billion in 2009, which compares to U.S. \$2.799 billion logged in 2008.

In this situation, any reduction in the real exchange rate of the Belarusian ruble would help anchor inflation processes, but not devalue the national currency in nominal terms. Real sector enterprises should therefore be looking for sources of increasing their competitive power in improving the quality of their products and services, raising the share of innovative products, cutting selling prices and attracting FDI instead of insisting on having the ruble devaluated by the monetary authorities again.

De-dollarization is back

As the money market grew more stable in the second half of 2009, de-dollarization processes resumed: net sale of foreign exchange by households reached U.S. \$205.7 million, while individual deposits in Belarusian rubles increased by 995.9 billion rubles in July-December. It seemed trust in the national currency had been restored.

The current level of Belarusian gold and foreign exchange reserves (U.S. \$5.653 billion as of January 1, 2010, under IMF SDDR) will suffice to smooth money market fluctuations and serve as an additional guarantee of financial stability, at least in the short run. Moreover, the IMF forecasts a substantial increase in Belarusian reserves, to a new record high of U.S. \$7.2 billion by the end of 2010. The Fund projects Belarusian gold and foreign exchange reserves at U.S. \$15.4 billion by the end of 2014.

Medium-term risks

Attention must be paid to the fact that the U.S. \$2.591 billion increase in gold and foreign exchange reserves in 2009 was entirely based on external loans, payments for state property and SDR allocation, totaling U.S. \$5.145 billion. If Belarus had been left on its own, gold and foreign exchange reserved would have plunged by U.S. \$2.553 billion.

The country's international reserve assets, formed exclusively by external loans and payments for state property, are not sufficient under international standards. Under the IMF methodology, gold and foreign exchange reserves in an economy are at an adequate level if they cover three months' worth of imports. Belarus falls short of this standard with reserves able to cover 1.65 months' worth of imports. Since payments for import of commodities and services were at U.S. \$3.422 billion in December 2009, Belarus needs to accumulate at least U.S. \$10.26 billion in reserves in order to meet the IMF standard.

However, countries that export commodities subject to high price volatility, and this holds for Belarus, are advised to have sufficient reserves to cover six months' worth of imports, not three (the Central Bank of Chile and the National Bank of Poland uphold this criterion). This means Belarus should have at least U.S. \$20.53 billion in reserves, 3.6 times the volume it has today.

At the same time, it should be emphasized that further increases in external borrowing could result in additional macroeconomic and financial risks. Belarus' foreign liabilities total U.S. \$21 billion (this includes the loans received in the fourth quarter of 2009), and if this trend remains, the foreign debt-to-GDP ratio will exceed the 50 – 60% threshold in two or three years.

Between October 1, 2009 and October 1, 2010, Belarusian citizens will have to pay, or refinance, a total of U.S. \$9.187 billion worth of short-term external loans. Only principal debts are included here, whereas overall payments under short-term foreign debts, including the principal, interests, dividends, commissions, etc., will amount to U.S. \$10-10.5 billion.

Another important aspect is that overdue external indebtedness rose 33.6% in the first three quarters of 2009 to U.S. \$797.6 million as of October 1, 2009. The increase in the current foreign debt may threaten both companies (if they fail to gain profits sufficient to cover the principal and interests) and the state as the owner (the main risk is the loss of property in case of bankruptcy and resulting negative image).

It cannot be ruled out that in the medium term, foreign borrowing will not be enough to cover the balance of payment deficit, because additional borrowing means additional spending on debt service. As a result, the Belarusian ruble may lose its value once more, whereas some corporate borrowers may run the risk of going bankrupt.

The IMF loan repayment schedule looks as follows: U.S. \$12.7 million in 2009, U.S. \$74.4 million in 2010, U.S. \$78 million in 2011, U.S. \$456.7 million in 2012, U.S. \$1,704.4 million in 2013 and U.S. \$1,366.9 million in 2014, and U.S. \$83.8 million in 2015. This means the heaviest debt service burden is scheduled for 2012-2014. Furthermore, Belarus will have to start repaying Russian state loans, with a burden distributed evenly throughout the next ten years.

Banks' troubled assets

Amid the crisis, the key risks in the financial sector of the country are the credit risk, liquidity risk and foreign exchange risk.

As of January 1, 2010, debts under loans and other active operations of commercial banks stood at 66.288 trillion rubles, up

37.5% compared with 2009. Troubled (extended and overdue) debts rose more than 120% under the national methodology in 2009, to 657.9 billion rubles as of January 1, 2010. In December, troubled debts fell by 255 billion rubles, or 27.9%, which indicates an improvement in the financial position and financial discipline of borrowers. On the other hand, the decrease may be caused by banks' efforts to make their financial reports look nicer and "mask" soured debts to avoid additional expenditures on provisioning for loans.

Banks frequently extend untied loans to defaulted borrowers so that they could repay earlier loans (in December 2009, banks' loan portfolio expanded by 2.49 trillion rubles). This scenario does not seem to help, though, but aggravates the already unfavorable situation and facilitates risk accumulation. Furthermore, the increase in troubled assets (by international standards), by 250% in 2009 alone to 3.014 trillion rubles as of January 1, 2009, is also alarming.

However, reserves for assets subject to credit exposure are formed based on the national methodology. By January 1, 2010, special reserves (for possible credit loss) had reached 1.353 trillion rubles, representing an increase of 120% from the level of January 1, 2009. The share of troubled loans in the banking system stood at 0.95% as of January 1, 2010, and troubled assets made up 4.24% of the total (in 2010, the National Bank has raised the ceiling for troubled assets in the banking sector to 10% from 5%).

The gap between long-term assets and liabilities of banks kept widening in 2009, indicating growing liquidity risks, which were mostly concentrated in the two largest banks of the country – Belarusbank and Belagroprombank (they are involved in financing state problems more than other systemic banks). At the same time, all commercial banks saw access to borrowings, both on the domestic and foreign financial markets, narrow in 2009.

As inflows of resources from corporate entities, households and administrations ran low (or stopped completely), the National Bank remained the only source of support for commercial banks. Last year, NBB funds in the resource base of commercial banks hiked by 5.199 trillion rubles, or 160%, to 8.437 trillion rubles as of January 1, 2010. This significant increase in support coming from the central bank prevented a "paralysis" of settlements in the banking system and the economy as a whole.

We believe it would be logical for the monetary authorities to pursue the following policies: to further reduce the refinancing rate (it went down to 13% on February 17, 2010), narrow the spread between the refinancing rate and rates on bank liquidity support operations (the ceiling is now 20.5%) and curtail (or set zero-rated) reserve requirements for corporate and retail deposits.

LABOR MARKET AND SOCIAL POLICY: CONTROVERSIAL TARGETS: WAGE PUSH AND PRESERVATION OF EMPLOYMENT

Kiryl Haiduk

Summary

The repercussions of the global financial crisis on the Belarusian labor market and social security system were felt throughout 2009. The underemployment rate soared, while real wages dropped. The priority task for the government was to preserve the number of jobs, and this was relatively successful.

The authorities still perceive the crisis as a temporary inconvenience. Wage controls have been slackened a bit – both for senior managers and wage workers. At the same time, the economy has entered the “election phase”, and a U.S. \$500 monthly wage target has been officially set. The ambitious plans to raise wages this high while keeping the employment rate unchanged seem impracticable, but even if the government succeeds, the country will have to pay the price of rampant inflation and significant increases in external debt in 2011–2012.

Tendencies:

- the beginning of a demographically motivated reduction in workforce;
- the main way to respond to the crisis affecting foreign markets is to allow a loss of working hours and increase in the underemployment rate, especially in the manufacturing sector;
- minor reductions in real wages;
- wage controls have been slackened;
- preparations have started to have the political business cycle peak in late 2010-early 2011;
- slight changes in the social security system have been outlined, but fundamental measures are still at early planning stages.

Demographic indicators and labor market situation

Belarus had 9.48 million inhabitants as of late 2009. Although the number of Belarusians fell by 13,000 people last year, the decrease in population did not accelerate. The year 2009 was marked by a narrower gap between the number of able-bodied citizens and economically active population (workforce). The share of the workforce, at around 4.52 million people, was at 46.7% of the total

population in 2008, whereas in 2009, the figures were at 4.62 million people and 48.7%. The share of able-bodied citizens remained unchanged at 62%.

However, experts expect a reduction in the share of able-bodied citizens in the next decade, the key reason being the decline in birth rate in the 1990s and the fact that those born after WWII will reach retirement age. The only way out now is to encourage an increase in birth rate, because net inflows of migrants, registered in the past few years, are not sufficient to make up for the difference. In 2009, the number of migrants (mostly from Russia, Kazakhstan and Ukraine) rose almost 50% on the year to 12,249 people (compared to 8,145 people in 2008), thus cutting the natural population loss by almost half.

In turn, Belarusians are willing to leave the country to make more money abroad. Last year alone, about 2,500 Belarusians applied for residence permits in Lithuania (about 26% of the total number of applications); more than 50% of them are connected with employment issues, although it is almost half as many as in 2008¹.

The occupational structure remained almost unchanged in 2009: the service sector still dominates, while the manufacturing sector and agribusiness accounted for 27.2%, down from 27.6% in 2008, and 12% (no change) respectively. The construction sector saw an increase in the number of the employed by 4.5%, or 12,000 people, and so did the housing and public utilities sector, with a 2.8% rise in the number of new jobholders, or 5,000 people.

According to job centers, the demand for blue collar workers remains very high, almost 150% above the number of jobseekers, whereas vacancies for specialists and white collar workers made up only 23% of the total number, the same as in 2008. At the same time, despite the absence of changes in the structure of demand for personnel, in 2009, the number of vacancies in Belarusian job centers fell 38% on the year to 34,500. The trend is likely to continue in 2010.

In 2009, 869,400 people were hired (the figure includes 62,100 new jobs), down 9% from the 2008 level (the number of jobs created in 2009 fell 13% on the year).

¹ TUT.by: <http://news.tut.by/society/162702.html>.

The contractual employment system marked its 10th anniversary in 2009. According to the Federation of Trade Unions of Belarus, about 35% of all job contracts were concluded for 12 months² (the data cover the first three quarters). In turn, the Federation suggested passing a law envisaging the possibility of termless job contracts for "disciplined" workers, whereas independent democratic trade unions (the Belarusian Congress of Democratic Trade Unions and Belarusian Trade Union of Workers of the Radioelectronic Industry) called for abolishing the contractual employment system, as it failed to substantially increase labor productivity, while contracts became a handy instrument to fire "unwanted" workers.

The reduction in demand on foreign markets produced a serious impact on employment in the manufacturing sector and the economy as a whole. The dramatic increase in the underemployment rate became the most significant result of the global crisis in the Belarusian labor market, especially in the industrial sector, which accounts for 87.8% of the total loss of working hours. Deputy Prime Minister Andrei Kobyakov outlined the priority of the state labor policy: prevention of growth in official unemployment³ and wage reductions. This policy seems to agree with people's preferences, as only 10% of the population approve of "shock treatment", as President Lukashenko told Belarusian news media⁴.

According to the Belarusian Statistics Committee (*Belstat*), 357,000 workers, or 10% of the average monthly workforce, were made to work part time in 2009, compared to 3.9% in 2008. Of them, 23% were sent on unpaid leaves, and more than 200,000 worked short weeks. The underemployment rate was short of the 1995 record of 983,000 workers or about 500,000 workers registered in 2002 and 2007, and settled close to the rate reported in 2004. The 2009 leaders by losses of working hours were the Minsk and Gomel Regions.

Forced leaves turned into wage cuts for wage workers: under current labor regulations, the employer is entitled to send an

² *Ezhednevnik.by*: http://www.ej.by/news/2009-10-05/kontraktnaya_sistema_nayma_v_belarusi_budet_smyagc.html.

³ *TUT.by*: <http://news.tut.by/155469.html>.

⁴ *TUT.by*: <http://news.tut.by/156594.html>.

employee on a leave with two-thirds of the pay rate. Although the employee's consent to this scheme is required, given the hard economic situation, most workers chose a three-day week instead of unemployment. In turn, the Ministry of Labor and Social Protection offered the workers on forced leaves additional opportunities to participate in paid community services. The package of measures adopted this year includes the abolition of restrictions on multiple employment for workers sent on forced unpaid leaves. In 2009, a 20-hour-per-week limit was imposed on additional jobs.

Unemployment

The definition of unemployment was not revised in 2009. The government chose to avoid a growth in official unemployment believing that the crisis of the global economy was transient. The average unemployment rate reached 0.9% in Belarus, whereas in the Vitebsk, Grodno and Gomel Regions, it was at 1.1%, in the Brest and Mogilev Regions, 1%, and in some districts, 1.6% to 2%. The government had expected the number of officially registered jobless Belarusians in excess of 1% in 2009, but the number of "officially accounted for" unemployed people increased 8% last year (25% in Minsk alone). The number of people who applied to job centers rose 4%, and the number of those registered as unemployed went up 6.1%.

There were no workforce surveys in Belarus last year, except for the pilot one; therefore, it is hard to gauge the real unemployment level. If we simply add those on forced leaves to the official figure, we will have 2.7% – 3%. Household surveys also shed light on the situation with employment: according to these data, the real number of jobless citizens is at least six times higher than the official statistics, which means the actual unemployment rate is close to 5.4% – 5.8%.

The unemployment situation was not stable in 2009: most of the unemployed were registered in August 2009, 44,600 people, which was followed by a downward trend all the way to December, when 40,300 jobless people were registered. The official growth in the unemployment rate resulted in higher allowances for the unemployed moving to rural areas (they were raised to seven subsistence wages from five), whereas subsidies to jobless

Belarusians starting their businesses in the countryside were increased to 15 subsistence wages from 11.

In 2010, the number of officially registered unemployed Belarusians is expected to increase to 1.2 – 1.5% of the total workforce, which is projected at 4.74 million people. Based on these forecasts, some 154 billion Belarusian rubles (over U.S. \$50 million) will be spent on employment promotion, including financing of paid community services for 90,500 people.

Wages

The average monthly wage shrank 0.4% in real terms in 2009, reaching 998,300 rubles, the equivalent of U.S. \$356, although in December 2009, wages rose 6.5% month-on-month to 1.093 million rubles, or U.S. \$384. Wages were highest in the construction sector, whereas in mechanical engineering and metalworking they fell 10%. Regionwise, the Minsk and Gomel Regions paid highest wages, and the Mogilev Region paid least of all.

Wage and salary cuts did not affect directors of private companies and key specialists. According to Alfa-Bank analysts, Belarus had about 10,000 U.S. dollar millionaires⁵. A similar figure, between 7,000 and 10,000, was mentioned by the Priorbank CEO in 2007⁶.

The year 2009 saw changes in rules of wage calculation, which applied both to senior executives and wage workers. In November, the government adopted a resolution allowing increases in salaries of directors of enterprises, organizations and banks starting January 1, 2010. Scale-up factors used to work only for enterprises subordinate to the state authorities, whereas the new rules enable all enterprises irrespective of their ownership to pay directors up to eight times the average wage paid at the enterprise.

On September 1, 2009, the state altered the procedure of application of the Unified tariff system (which forms the basis of the Belarusian system of wage calculation), allowing directors of enterprises to additionally encourage their employees by raising wage rates up to 300%.

⁵ *TUT.by*: <http://news.tut.by/160910.html>.

⁶ *Naviny.by*: http://naviny.by/rubrics/finance/2007/03/30/ic_news_114_268869.

Formally, the mechanism of application of the Unified tariff system was simplified, but the new procedure makes it necessary to justify the increase in wages and document it correctly (using the acts regulating employment issues and labor remuneration, including collective wage agreements, contracts and regulations on compensations). In case of any mistakes, the employer will run the risk of being fined 100 base units, or about U.S. \$1,170. The new norms call for a revision of internal regulations, hence additional expenses. The new rules also allow reducing wages. It is noteworthy that the ratios between compensations and qualifications of workers within the framework of the Unified tariff system were revised 11 times in the period 2002 through 2009.

Last year, the economic security department with the State Secretariat of the Security Council of Belarus jointly with the Finance Ministry called for abolishing the Unified tariff system; the state agencies repeated the proposal that representatives of Belarusian businesses had put forward long before. Private commercial enterprises often find it problematic that in order to increase the level of compensation for a single employee they need to increase the first grade wage rate and the wage bill for the entire enterprise. As a result, businesses tend to pay cash in envelopes to be able to pay bonuses and restrain growth increases. One of the greatest advantages of the Unified tariff system for the Ministry of Labor and Social Protection is that it helps even out wage differentials. The difference in wages paid to the most highly-paid and low-paid categories of workers fell to 3.6 times from 6.7 times in 2000 – 2009 (there was hardly any change in 2008 and 2009).

The Ministry has been working on a bill to abolish the Unified tariff system starting June 1, 2010. Furthermore, the government in early 2010 announced plans to cut mandatory transfers to the Social Security Fund⁷ to reduce the tax burden on businesses. Although there has been no substantial progress yet, the very fact that the state has been paying more attention to labor compensation may be regarded as an achievement.

In 2009, social security transfers made up 11.3% of GDP, reaching about 14.5 trillion Belarusian rubles (about U.S. \$4.87 billion), whereas wages accounted for 31% of GDP. The plans to reduce payments to the Social Security Fund in 2010, not sooner

⁷ TUT.by: <http://news.tut.by/159990.html>.

or later, were made for a good reason, namely, to help the government meet the politically motivated promise and raise the average monthly wage to U.S. \$500 by the end of the year. This is a very sharp increase indeed, and even the previous "election" years, that is, 2001 and 2006, saw nothing of this kind. This wage push would increase the tax burden on companies, while reductions in payments to the Social Security Fund are projected to cut the tax load.

Social security and pension systems

In 2009, two legislative acts concerning the disabled came into effect in Belarus: "On prevention of disabilities and rehabilitation of the disabled" and "On social protection of the disabled in Belarus". As of January 1, 2010, there were 506,700 incapacitated people in Belarus, down 0.5% from January 1, 2009, and the primary disablement level of working age population decreased 1.8% in 2009 to 32.8 per 10,000 inhabitants from 33.4.

Last year, approaches to the provision of targeted social assistance were changed by presidential ordinance # 458 "On state social assistance" (it came into effect on January 1, 2010). The document increased the neediness limit to 150% of the subsistence wage from 120%, thus allowing payments of lump-sum allowances to those earning between 120% and 150% of the minimum wage, and doubled the period of provision of monthly social allowances to six months. Also, the document introduces social assistance for acquisition of rehabilitation equipment.

In 2009, targeted assistance was granted to 205,900 people, about a third of those recognized as the needy, to the amount of 40.2 billion Belarusian rubles (U.S. \$13.6 million). The number of lower-income Belarusians requiring assistance decreased slightly in 2009 to 6.5% of the total population. Social allowances remained low, for instance, a lump-sum allowance was at 174,000 rubles, or U.S. \$62, and the average monthly allowance per capita reached only 65,400 rubles, or U.S. \$23.

The package of social support measures includes preferential home loans. Last year, soft loans extended for construction or acquisition of housing amounted to 4.555 trillion rubles (U.S. \$1.6 billion), or 3.3% of GDP, which was 32% above the original lending target for 2009. Belarusbank provided 75% of such loans.

Concessional home loans are projected to reach 6.8 trillion rubles (U.S. \$2.28 billion) in 2010; all of them will be granted by Belarusbank and Belagroprombank.

Pensions averaged 398,000 rubles a month in 2009, or about U.S. \$142, representing a fall by 4% from 2008. The average pension made up 40% of the average monthly wage in 2009, down from 42% in 2008. There were certain regulatory changes concerning pensions in 2009, but all of them came into effect on January 1, 2010. The state doubled the tax-deductible sum to 48 base units from 24 for workers who conclude supplementary pension agreements and take out policies for voluntary life insurance for five years and voluntary medical expenses insurance.

Challenges of 2010

The two key challenges of the year 2010 are to keep the employment rate low and reach a U.S. \$500 average wage in the national economy. Some positive moves have already been made: companies have been enabled to increase wages in the scope of the Unified tariff system and the minimum wage was raised to 258,600 rubles (U.S. \$92) on January 1, 2010 from 229,700 rubles (U.S. \$87) on January 1, 2009.

The U.S. \$500 wage target seems too high a bar for an open economy amid a sharp decrease in demand on foreign outlets. Even if the government manages to accelerate GDP to 11% – 13% in 2010, and consumer inflation remains within 9% – 11%⁸, wages will have to be raised about 30%, to U.S. \$500 from U.S. \$384. If the ruble exchange rate remains stable, the only way to reach the target is to reduce the workforce, because there is no way Belarus will manage to achieve an adequate increase in labor productivity. However, since preservation of employment is the number one priority for the government, it is only through inflation hikes that the average wage may reach the coveted U.S. \$500 this year. Furthermore, such a serious increase in wages might affect the current account and inflate the already growing external debt.

Given the absolute priority of macroeconomic stability in the official economic policy, the new record high wage may only be

⁸ Official website of the Council of Ministers: http://www.government.by/ru/rus_interview20091217.html.

achieved on paper, that is, it may be recorded statistically (by excluding lower-paid categories and those working short weeks, etc.), whereas real wage will turn out to be short of the target. The authorities may as well change their mind as to the wage target and offer wage workers another carrot instead, for instance, a less stringent contractual employment system (which will never be abolished, though).

The year 2010 will be a "political" year for the labor market. The peak of the political business cycle will be observed during pre-election months, and the "cost" of the cycle may prove very high because of the efforts to raise wages while keeping the employment rate at the pre-crisis level.

ENERGY SECTOR: RENT CUTS

Yelena Rakova

Summary

Belarus enjoyed serious energy price advantages compared to the rest of the region in 2009, despite the dramatic change in terms of Russian energy supplies. The energy sector therefore sustained its dominating position in the country's economy, and there was no need for revising energy policies. Neither the drop in the profitability of Belarusian oil refining, nor Russian plans to develop oil transit routes alternative to Belarus motivated the government to launch energy reforms and start looking for alternative suppliers of raw materials. The same holds for natural gas, as its share in the country's energy consumption remained unchanged.

Energy tariffs for households and industrial consumers did not change much; moreover, due to implemented in January 2009 devaluation of national currency, in dollar terms they even had a slight decrease in rates. The only major revision in the government's energy policy may be triggered by the plans to build the first Belarusian nuclear power plant; however, the economics of the project and its role in enhancing the country's energy security are not obvious.

Tendencies:

- preservation of preferential prices of Russian energy imports spared the authorities the need to revise the structure of the energy sector, basic principles of its operation and its role in securing the stability of the Belarusian economic model;
- total dependence on Russia as the supplier of cheap energy resources and for that matter the guarantor of economic stability remained;
- government's efforts to ensure energy and economic security are mainly focused on plans to build the country's first nuclear power plant.

Oil sector

The oil industry retained its dominant position in the Belarusian economy in 2009. The two oil refineries — Novopolotsk-based oil refinery (OAO Naftan, in Vitebsk Region) and OAO Mozyr NPZ refinery, in Gomel Region, — processed a total of 21.65 million tons of crude oil in 2009, almost the same as in 2007–2008. OAO Naftan processed 10.7 million tons of crude, up 2.8% from 2008, and OAO Mozyr NPZ refined 10.95 million tons of oil, up 0.03% on the year.

Both refineries issued shares in 2002, when the government planned to sell controlling stakes to Russian investors. Russia controls 42.6% in OAO Mozyr NPZ¹, whereas Naftan is almost 100% controlled by the Belarusian government. In 2008, the government decided to merge OAO Naftan and oil and chemical company OAO Polimir (which almost completely depends on the Vitebsk Region-based refinery)². Belarus and Russia negotiated the possibility of privatization of the Naftan-Polimir complex in 2008 – 2009 (Lukoil and Rosneft were named the most probable buyers, however, the conditions laid down by the Belarusian side made the acquisition unprofitable for the potential investor). Since there was no strategic private investor, the state managed to substantially modernize the refineries on its own to increase processing volumes and improve the quality of oil products.³

Despite the fact that domestic crude oil production is insignificant, refined oil products remained crucial Belarusian exports, providing a substantial part of the country's foreign exchange revenues (Table 1). Belarusian oil product exports kept growing in the past few years, to 15.5 million tons in 2009 from 7.7 million tons in 2001. However, return on sales almost halved in 2009 from the 2008 level because of export price reductions and high customs duties on imports of Russian crude.⁴ As a result, the

¹ The State Property Committee of Belarus holds a 42.76% stake, Gazpromneft and TNK-BP (the co-owners of OAO NGK Slavneft hold a combined stake of 42.58%; OOO MNPZ Plus controls a 12.25% shareholding (owned by the Belarusian state since 2005); and individuals control the remaining 2.41%.

² The state used to control 99.8% in each, unspecified individuals were said to control the rest.

³ Naftan General Director Vyacheslav Yakushev said at an investment and economic forum on November 13, 2009 that Naftan's development program required U.S. \$1.3 billion in investments; see http://naviny.by/rubrics/economic/2009/11/13/ic_news_113_321216/.

⁴ Belarus had for many years profited from imports of cheap Russian crude oil by keeping the difference between Russian domestic oil prices and high global prices for oil and oil products. In January 2007, Belarus and Russia signed an agreement on supplies of Russian crude oil to Belarus in 2007 – 2009. Russia reduced the rate of export duty applied to oil deliveries to Belarus to U.S. \$53 per ton from U.S. \$180, the standard duty Russia applied to exports elsewhere (or to 29.3% of the standard export duty; in 2009, Belarus had to pay 35.6% of the standard duty). The agreement also regulated the distribution of revenues from exports of light oil products refined from Russian crude: in 2009, 85% of the export duty was transferred to the Russian budget.

state had to pay the refineries and Russian suppliers that worked under processing terms a special budget subsidy.

The profitability of the oil-processing sector of Belarus keeps decreasing. In January-November 2009, it went down to 5.3% from 7% in 2008 and 12% in 2007, which is lower than the average return rate for the industrial sector. Revenues from customs duties applied to exports of refined oil made up less than 7% of overall state budget revenues in 2009, which compares to 12% in 2008.

Table 1. Oil product export dynamics

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|-------|-------|-------|-------|------|
| Oil product exports in total commodity exports, % | 30.4 | 34.1 | 31.6 | 33.0 | 28.2 |
| Increase in oil product exports, in value terms, % (year-on-year) | 147.2 | 138.8 | 113.3 | 141.2 | 99.3 |

Source: Belarusian National Statistics Committee (Belstat), author's own calculations

On the domestic market, oil product prices were growing insignificantly: according to *Belstat*, gasoline prices rose 10% in 2009 (December on December)⁵. This was caused by populist policies aimed at protecting households and farms, as well as competition for transit road carriers (to encourage them to fill up in Belarus instead of neighboring countries). Taxes and excise taxes make up about 50% of Belarusian gasoline prices. The domestic refineries and Russian oil traders that operate filling stations in Belarus report losses when selling oil products on the Belarusian market, however, they have managed to compensate using high export revenues and state subsidies.

Acquisition of the Belarusian refineries at prices that the government has set (for instance, investors are expected to pay U.S. \$3 billion for Naftan-Polimir) will hardly prove profitable for investors. *Firstly*, the profitability of refining has been falling because of Russian export duties imposed on crude oil deliveries: in January-September 2009, OAO Naftan netted only U.S. \$44 million in profits.⁶ *Secondly*, the refineries have to make

⁵ AI-92 gasoline cost 2,470 Belarusian rubles per liter (U.S. \$0.90) compared to 2,220 rubles (U.S. \$1.00) in December 2008.

⁶ See: <http://news.tut.by/158873.html>.

substantial transfers to the targeted budget national development fund; the volume of annual transfers is established arbitrarily at the top level.

Thirdly, apart from setting selling prices too high, Belarus has special requirements for potential investors (preservation of jobs and social infrastructure, large-scale investment programs, etc.), therefore, investors cannot be certain that investments will pay back even in the medium term. Russia will agree to buy into the Belarusian oil sector only if the Belarusian government cuts prices, whereas Belarus will only sell its oil-processing assets when it requires external financing very badly, or when the profitability of refining drops too far. Both might happen as early as 2010 or 2011.

The significance of oil transit, too, has been falling. The suspension of the Baltic Druzhba pipelines by Russia and construction of new pipelines (BTS-2) reduce the importance of the Belarusian transit route. Moreover, oil transport by rail, which competes with pipelines, complicates "oil blackmail" (and makes transport tariff growth hardly possible). Belarusian oil-mains provided transit of 89.6 million tons of Russian oil in 2009, up 5.3% from 2008⁷.

Gas sector

Natural gas is a strategic raw material for the Belarusian economy. Belarus has increased the share of gas in its overall energy consumption to 80% currently from 43% in 1990 in a bid to reduce production costs of domestic enterprises owing to cheap imports from Russia. This raises energy security risks, given that Russia remains the only supplier of natural gas, with its dominating position in the country's energy budget ("fuel and energy balance").

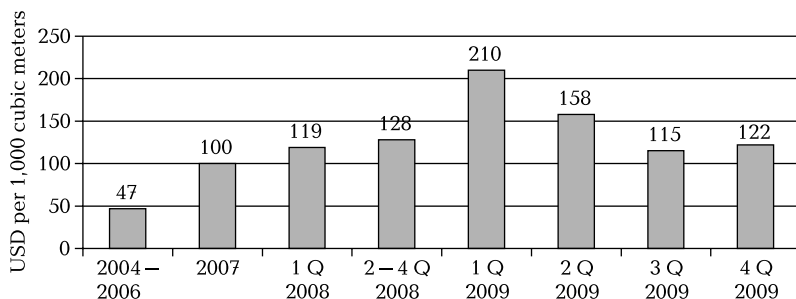
In 2009, Belarus kept buying natural gas from Russia at relatively low prices. The contract for gas supplies and transit for 2007-2011 signed by Gazprom and Beltransgaz (last year, the Russian gas monopoly controlled a 37.5% stake in Bel-

⁷ Oil transport is provided by RUP Gomeltransneft *Druzhba* and Novopolotsk oil transport enterprise *Druzhba*. In 2008, both were included in the three-year privatization plan; both are expected to issue shares in 2010.

transgaz⁸) on December 31, 2006 pegged the gas price formula to the average European price adjusted for the agreed discount rate. In 2009, Belarus was supposed to pay 80% of the average European price minus transport costs and the export duty (30% of the selling price charged by Gazprom). The Belarusian side had succeeded in having the discount for 2009 increased to 30% from 20% (that is, to 70% of the average European price).

Because the price of the oil basket, to which the gas tariff is pegged, changes on a quarterly basis, Belarus saw natural gas fees change once in every three months. To compare: Ukraine paid U.S. \$230 per 1,000 cubic meters of gas in 2009, and the average European gas price stood at U.S. \$280. Changes in natural gas import prices are presented in Figure 1.

Figure 1. Gas import price development in 2001–2009



Note: the value-added tax is not included

Source: Belarusian National Statistics Committee

Despite the serious price advantages, Belarus was paying U.S. \$150 per 1,000 cubic meters of natural gas in 2009, the projected annual average price (the actual average price turned out to be a bit lower, at U.S. \$148 per 1,000 cubic meters, which represents an increase of 16% year-on-year), although the verbal agreement between the two presidents enabling Belarus to pay the average

⁸ Under the five-year contract between Beltransgaz and Gazprom inked on December 31, 2006, the Russian gas giant acquires a 50% shareholding in Beltransgaz for U.S. \$2.5 billion. The payment is to be transferred in four equal U.S. \$625 million annual tranches in 2007–2010. Gazprom thus acquires 12.5% in the gas transport company annually.

price was never officially documented as a supplementary contract. As a result, Belarus was accumulating its debt for gas during 2009; however, the U.S. \$246 million debt reported in late 2009 was paid up before the end of the year.

Belarusian natural gas imports in 2009 were 4.5 billion cubic meters short of the contracted volume of 22.1 billion cubic meters. Belarus fell behind the gas import schedule (by a third) in the first few months of 2009, when fuel oil (a reserve fuel) was burnt at Belarusian TETs cogeneration plants (December 2008-April 2009) to save expensive Russian gas. The government had decided to use cheaper fuel oil instead of natural gas, thus saving U.S. \$304 million during the heating season.

European consumers reduced Russian gas consumption, too, and transit volumes going through Belarus fell to 44.2 billion cubic meters in 2009 from 51.2 billion cubic meters in 2008. Gas transit is controlled mostly by the Russian side, and Belarusian transit revenues amount to U.S. \$250 million annually, which cannot be compared to, say, Ukrainian transit proceeds. The construction of new gas pipelines bypassing Belarus will enable Russia to further cut the "transit rent". All attempts of the Belarusian administration to convince Russia of the efficiency of the construction of a second Yamal-Europe gas-main line in Belarus have been unsuccessful.

Tariffs for consumers

In 2009, natural gas tariffs for Belarusian industrial consumers increased 9.8% to U.S. \$174.18 per 1,000 cubic meters from U.S. \$158.67, excluding VAT). Tariffs for households rose only once in 2009, on January 1, by 3% for gas supplied for cooking and 20% for gas supplied for heating. Adjusted for the 20% ruble devaluation in January 2009, gas tariffs for households declined a bit in U.S. dollar terms.

Tariffs applied to natural gas provided for heating and hot water supply during the heating season amounted to 219,000 Belarusian rubles per 1,000 cubic meters (U.S. \$77, down from U.S. \$80 previously) whereas summer tariffs reached 462,000 rubles (U.S. \$163, a reduction from U.S. \$170). Cross-subsidies remained (lower tariffs for households are covered by higher tariffs for manufacturers), which reduces the efficiency of the gas sector and fails to encourage households to save energy.

Electrical power sector

The Belarusian power grid includes six independent regional republican unitary enterprises, or RUPs, also called oblenergos⁹ and HV power lines connecting them to power grids of neighboring countries (Russia, Ukraine, Lithuania and Poland). This system is governed by Belenergo concern, which is accountable to the Energy Ministry of Belarus. The power grid of the country is a vertically integrated company, in which generation, transfer and distribution are not separated.

Electrical power generation in Belarus totaled 30.1 billion kilowatt-hours (kWh) in 2009, a drop of 14% from 2008. Although Belarus is capable of meeting its domestic requirement on its own, it is more profitable to import electricity in summer. Belarusian imports of power from Russia reached 2.908 billion kWh in 2009, up 34% on the year.

The government did not raise electricity tariffs for industrial consumers and households in 2009. In U.S. dollar terms, the tariff for industrial consumers decreased by 25% and amounted U.S. 7.4 cents per 1 kWh because of the early year ruble devaluation. Belarusian households pay U.S. 6.1 cents per 1kWh for power (in 2008 they paid U.S. 8 cents). The return on sales in electrical power engineering decreased to 4.5% in 2009 from 6.7% in 2008.

Nuclear plant construction

The Security Council of Belarus in 2008 officially determined that Belarus would build its first nuclear power plant near Ostrovets¹⁰, in Grodno Region. Ostrovets hosted public hearings addressing the possible environmental impact of the plant in October 2009, however, both transparency and publicity of the hearings were doubtful. A competitive tender was conducted to choose the general contractor, and Russian state corporation Rosatom was awarded the right to build the plant. Talks with Rosatom continued

⁹ RUP stands for a Republican Unitary Enterprise. All oblenergos are state-controlled; there are no plans to turn them into joint-stock companies.

¹⁰ Grodno Region; straight distance from the site to Minsk is 134 kilometers, to Ostrovets, 18 kilometers, to the Lithuanian border, 20 kilometers, and to Vilnius, 53 kilometers.

during 2009, but the official contract for the construction of the nuclear plant was postponed until 2010.

The nuclear plant is projected to save the country around 5 billion cubic meters of natural gas a year (20% of current consumption) and enable additional electrical power exports. However, the authorities have not publicized economic feasibility studies yet. Experts have serious concerns over the following aspects:

- external debt growth: Belarus is expected to borrow U.S. \$9 billion from Russia to build the plant, while external liabilities have been growing at an alarming pace (reaching U.S. \$19.3 billion in the first three quarters of 2009, up 30%);
- price competitiveness of the power generated by the nuclear plant, given current natural gas prices and debt service costs;
- possibility of exporting electrical power: a few more nuclear plants are expected to be built in the region (in Kaliningrad, Lithuania, Poland and Estonia);
- the country's energy security: growing dependence on Russia as a creditor and supplier of fuel will hardly contribute to Belarus' energy security.

Conclusion

The energy sector plays a crucial role in the Belarusian balance of trade, budget and economy as a whole. However, systemic risks are accumulating in the sector, because structural reforms have been postponed. The efficiency and competitiveness of the energy sector enterprises are restrained by the shortage of their own or state budget funds to finance modernization, aggravated by rigid price and tariff controls. The current policies on privatization and use of technical assistance of specialized international organizations impose additional restrictions.

MORE LOANS INSTEAD OF PRIVATIZATION

Tatiana Manionok

Summary

Contrary to expectation, Belarus failed to accelerate the privatization process in 2009. The regulatory framework for selling state property was being formed too slowly and lacked consistency. The number of privatized entities did not reach the 2008 level, and the total value of privatization deals decreased compared with the previous year. The country's administration resorted to borrowing from foreign partners – international financial institutions and Russia – to encourage production by state-run enterprises, while preserving state ownership of the industrial complex and leaving the existing social and economic model unchanged. The country was preparing for privatization, though, by transforming state-controlled enterprises into joint-stock companies and developing the necessary legal framework. However, privatization appetites will have to be curbed for the time being.

Tendencies:

- case-by-case privatization remained; privatization process slowed;
- development of the regulatory framework for privatization continued;
- foreign loans were used as an alternative to privatization.

Experts and potential investors had pinned high hopes on the promised acceleration of the pace of privatization in Belarus in 2009. It seemed only natural that the crisis would force the Belarusian authorities to pursue a more resolute policy regarding privatization and attraction of direct investments. Moreover, active privatization was among the key performance criteria for Belarus established by the International Monetary Fund (IMF) when it agreed to expand its financing of the economic program for Belarus under the Stand-By Arrangement by U.S. \$1 billion to U.S. \$3.52 billion.

Regulatory framework for accelerating privatization was not established

Despite its pledge, Belarus was developing the regulatory framework for transparent systemic privatization too slowly, and the two fundamental privatization documents – the law on

privatization and a new law on the entities that may be owned exclusively by the state — were not adopted in 2009.

The Belarusian regulatory framework concerning privatization needs major adjustments. The current Law on Denationalization and Privatization of State Property in the Republic of Belarus was inked by then Chairman of the Supreme Council Stanislav Shushkevich back in 1993. Many of the original rules have already been amended by ordinances and instructions of the president. As a result, privatization is now regulated by presidential Decree #3 dated March 20, 1998.

The government has attempted to steamroll a new law on privatization, but to no purpose. The State Property Committee took over in a bid to meet the country's commitments to the IMF. "We intend to deepen and accelerate our program of privatization. To this end, we have prepared a draft Privatization Law, and are currently incorporating comments from the World Bank. We intend to submit this law to Parliament by September 30, 2009," Prime Minister Sergei Sidorsky and National Bank Governor Petr Prokopovich said in a letter to the IMF Director General. The government had hoped the bill would be passed during the autumn session of parliament, so that privatization would have a strong start in 2010.

Both bills — on privatization and entities owned by the state — had been included well in advance in the list of bills to be considered in 2009. Both had been thoroughly reviewed and given a go ahead in all concerned agencies, including the Presidential Administration. However, the bill on privatization never made it to the autumn session agenda, because the president turned it down as conflicting with Decree #3 of March 20, 1998 (the Law on the President has it that if a bill runs counter to a provisional presidential decree, it is up to the head of state to decide its fate).

The new bill on the entities that may be owned only by the state, which was coupled with the privatization bill, was better fated. It did not have to be approved personally by the president to get to the lower house of parliament. After lengthy discussions and numerous approvals it made it to the autumn session agenda, but only had time for the first read on the final day of the session, December 18.

Besides those two essential documents, the State Property Committee prepared a Plan of Action to liberalize relations in utilization of state property and privatization. Under the Plan, the

government introduced the following amendments to privatization and property sale procedures¹.

— *Presidential Decree #10 dated August 6, 2009 On Additional Conditions for Investment Activity in the Republic of Belarus*².

The document introduces a three-tier system of conclusion of investment agreements in Belarus; the volume of preferences depends on the significance of the project. Investors that conclude investment agreements are offered a package of general preferences, such as allocation of land without an auction; stage-by-stage preparation and execution of documents simultaneous with the process of construction on occupied land plots; and construction of facilities with simultaneous design of further construction phases; exemption of imports of production equipment and spare parts required during the implementation of the investment project from customs duties and value-added tax, etc. Investors are also exempted from compensatory payments for transfer and clearance of planted areas in urban settlements; and from the state duty for issuance of special work authorizations for foreign citizens engaged in the investment project by the investor; whereas foreign citizens engaged in the project are exempted from the state duty for issuance of temporary residence permits.

— *Presidential Ordinance #64 dated February 6, 2009 On Amendments to Certain Ordinances of the President of the Republic of Belarus concerning Construction, Withdrawal and Allotment of Land Plots*³.

The document abolishes auctioning procedures during allocation of land plots to corporate entities and individual entrepreneurs for construction and maintenance of real property designed to produce commodities, provide services and perform work. Auctions remain mandatory for allocation of land plots for construction of filling stations and in settlements with over 50,000 residents (22 towns as of today).

¹ For details, see.: Rakova E. Privatization in the Republic of Belarus: Monitoring of Fundamental Changes (January – December 2009): www.belinstitute.eu.

² See.: <http://pravo.by/webnpa/text.asp?RN=Pd0900010>.

³ See.: <http://pravo.by/webnpa/text.asp?RN=p30900064>.

– *Presidential Ordinance #232 dated May 5, 2009 On Certain Aspects of Holding Auctions (Tenders)*⁴.

The document bans charges imposed on bidders in auctions and competitive tenders for arranging and holding of and bidding in auctions and tenders. Expenses incurred by the arranger of auctions and tenders will be paid by the preferred bidder. The ordinance also specifies procedures to set the starting prices of real estate auctioned on the basis of a court ruling. Also, the document makes it possible to sell real property even if the auction is declared invalid because there is only one bidder.

– *Presidential Ordinance #238 dated May 7, 2009 On Amendments to Certain Ordinances of the President of the Republic of Belarus concerning Utilization of State Property*.

According to the document, decisions to sell state property may be taken without documents confirming state registration of property titles. Revenues from gratuitous transfer of state property to private corporate entities and individual entrepreneurs are exempted from taxes.

– *Presidential Ordinance #518 dated October 23, 2009 On Certain Aspects of Lease and Free Use of Property*⁵.

The document introduces norms aimed at simplifying lease relations. The amendments apply a unified approach to property lease and ensure transparency and publicity of lease transactions. Furthermore, the ordinance simplifies the procedure of calculation of lease fees, streamlines lease contracting and facilitates a more rational and efficient use of state property.

– *Presidential Ordinance #622 dated December 11, 2009 On Improving the Regulation of Land Relations and State Control over the Use and Protection of Land*.

The document simplifies the procedure of selling unused state property in national (republican) ownership in the form of permanent structures (buildings, constructions), uncompleted permanent structures under construction and uncompleted

⁴ See.: <http://www.pravo.by/webnpa/text.asp?RN=p30900232>.

⁵ See.: <http://www.pravo.by/webnpa/text.asp?RN=p30900238>.

permanent structures under suspended construction at auctions with the opening price set at one base unit.

Transactions as a measure of last resort

The State Property Committee never stopped transforming state-owned enterprises into joint-stock companies trying its best to meet the target, and it did succeed.

Last year, 169 state-run enterprises went public. Only two failed — the Hotel Sport in Minsk and Republican Unitary Enterprise (RUP) Beltelecom. Beltelecom was not on the original list of the enterprises that were supposed to issue shares in 2009, but the government included it by its resolution № 1256 dated September 29, 2009 in what seemed an attempt to prepare the telecommunication monopoly for hasty privatization in case the state budget needed a refill. It appeared that the budget did without Beltelecom, and the monopoly felt free to postpone the transformation until 2010.

Despite the impressive progress in the transformation of state-run enterprises, there was only one serious privatization transaction in 2009 — the sale of BPS-Bank. In October, President Alexander Lukashenko said he doubted that the sale to a single bidder would be efficient, but a month later, he issued ordinance # 618 to sell BPS-Bank to Russian Sberbank for U.S. \$280.7 million. The Belarusian side had insisted on a much higher price of about U.S. \$500 million, whereas the Russian side was ready to pay U.S. \$200 million. A compromise was achieved, though, after Sberbank signed an investment agreement and promised U.S. \$2 billion in credit lines for investment projects of Belarusian companies. Besides, Sberbank was named the country's privatization consultant.

Also in 2009, the government was in talks over selling Belinvestbank to a Western European bank, but the talks were not completed.

The pace of privatization in Belarus was therefore too slow in 2009.

Conclusion

The Belarusian authorities still regard privatization as a chance to settle fiscal problems rather than an instrument of structural

reorganization. If this approach persists, property transactions will remain a last resort measure or a bargaining chip helping to haggle over some of the most sensitive positions, especially Russian energy supplies and additional borrowings.

The economic situation observed in 2007 – 2008 saved the need for prompt privatization decisions. Favorable terms of trade on raw materials markets, subsidies provided by the Russian Federation, and external borrowing averted financial shortages. When things got bad, the government resorted to case-by-case privatization to stabilize the financial system. Last year, it was mostly owing to IMF loans that Belarus managed to cover its foreign exchange deficit.

The deterioration of the situation on the key export markets, widening foreign trade gap and restricted access to foreign loans will definitely call for more resolute privatization decisions; however, there are currently no serious preconditions for the government to commence systemic privatization. Foreign borrowing will remain the basic strategy for the Belarusian government in the short term.

At the same time, if all liabilities to foreign creditors remain, external debt service may turn into a bad headache for the Belarusian administration as early as 2013. The combination of these two factors – the necessity to stabilize the financial system and repay external loans – may finally push the government towards real privatization.

References

Last year, 3.6 trillion Belarusian rubles' worth of revenues from the use and sale of state property were transferred to the republican budget, 29.6% above the target for the year.

The republican budget received 2.816 trillion rubles in revenues from sales of state property, including shares (39% above the original target), of them 2.802 trillion rubles from sales of shares in open joint-stock companies and property complexes transferred to the targeted budgetary national development fund (1.72 trillion rubles from the sale of a stake in OAO Beltransgaz, 797.6 billion rubles from the sale of OAO BPS-Bank and 284.5 billion rubles from the sale of ZAO BeST).

Also in 2009, transfers of stock dividends to the republican budget amounted to 284.1 billion rubles, 0.2% over the target.

Seventy-three per cent of joint-stock companies controlled by the state decided for dividend payout. The republican budget also received 489.1 billion rubles in transfers of parts of profits of unitary enterprises and state associations, 8.9% above the target. State property lease revenues reached 57.3 billion rubles, 3.3% above the target for the year.

AGRICULTURE: IRREDEEMABLE DEBTS

Konstantin Skuratovich

Summary

According to official statistics, Belarusian agribusiness proved to be one of the most successful sectors of the national economy in 2009. Although the original growth forecast was not met, agriculture showed a 1.3% increase in overall output year-on-year. This production expansion was accompanied by poorer financial results, though: in 2009, overdue debts of agricultural enterprises rose 36.6% from the 2008 level. In early 2010, the president allowed farms to repay the debts that had been accumulated by January 1 in installments within 10 years. To make things even worse, Russia – the key market outlet for Belarusian farm produce – kept challenging the quality of Belarusian exports, which is why large batches of produce intended for the Russian market often remained unwanted.

Tendencies:

- agribusiness was the only sector of the economy to report a growth in production in 2009;
- agriculture owes the state and the banking system more than any other sector of the national economy; the debt keeps growing;
- agriculture reform is still not on the government agenda.

Gross indicators

In 2009, gross output of agricultural enterprises and private households in value terms reached 26.5 trillion Belarusian rubles (in comparable prices), up 1.3% year-on-year¹. Agricultural enterprises increased their output 4.2% year-on-year in 2009, with animal production rising 8.2%, and crop production falling 0.7%. Not a single region managed to meet the original production target, and in Grodno Region, farm output decreased 0.7% from the 2008 level.

¹ According to the National Statistics Committee (*Belstat*), gross farm output totaled 26.9 trillion Belarusian rubles in 2008 (expressed in current prices), which is 400 million rubles above the gross production figure reported in 2009 (also in current prices). This discrepancy, alongside the increase in the price index, places a question mark on the recorded growth in gross indicators in comparable prices.

In 2009, overall potato harvest decreased 18.6% year-on-year, grain harvest fell 5.6%, sugar beet harvest went down 1.4%, and flax fiber harvest dropped 23%. Vegetable harvest edged up 0.5% on the year, and fruit and berry harvest increased 16.3%. In private households, vegetable harvest rose 3.6% in 2009, and fruit and berry harvest went up 15.5%, whereas grain production fell 6.7%, and potato harvest dropped 17.8%. Only vegetable output met the forecast in 2009.

Belarusian farms procured 110,300 head of cattle from private households in 2009, down 3.4% on the year, and milk procurement totaled 419,400 tons, down 7.6%.

Farms' overdue tax arrears, including overdue transfers to the social security fund, stood at 136.4 billion Belarusian rubles as of December 1, 2009, making up 7.5% of the overall overdue payables of agricultural organizations. Overdue tax arrears decreased 1.8% in the period December 1, 2008 through December 1, 2009, went up 1.1% in January-November 2009 and went down 0.7% in November 2009 alone. Farms accounted for 43.2% of total Belarusian overdue tax arrears.

Farms' overdue debts under loans had reached 337.6 billion Belarusian rubles by December 1, 2009, an increase of 60% November-to-November. In the first eleven months of 2009, debts rose 48.9%, and in November 2009 they shrank 1.8%. Farms accounted for 32.8% of the total debt under loans in the country as of December 1, 2009.

Farms' financial results

Last year's combined net profit reported by agricultural organizations of all types of ownership² totaled 1.5 trillion Belarusian rubles, whereas overdue payables subject to penalties increased 36.6% in 2009 to 1.9 trillion rubles on January 1, 2009.

Overdue payables of Belarusian agricultural enterprises made up about 37% of total overdue payables in the Belarusian economy, which makes agriculture the main debtor among all economic sectors (given its relatively insignificant share in the country's GDP, standing at 8%), both in absolute terms and expressed as a share of overdue payables and contributions to the gross domestic product.

² All organizations engaged in farming operations.

Farms' loan commitments amounted to 10 trillion Belarusian rubles in 2009, and overall financial liabilities of Belarusian agricultural organizations had reached 34 trillion rubles by January 1, 2010³, which deprives agribusiness of working capital, thus paralyzing the entire sector. The problem comes down to the plain and simple fact which the administration of the state has to acknowledge: Belarusian agribusiness is bankrupt⁴.

The minister therefore as good as admitted the failure of the project launched five years ago to find new efficient owners for Belarusian farms. Agricultural enterprises were then "attached" to successful industrial companies, banks and other businesses. As a result, the sector that was almost broke was saved from formal bankruptcy, while farms themselves acquired a legal channel to pump out loans for further business processes.

The key investment efficiency criterion in Belarusian agribusiness is such a synthetic indicator as "application/disbursement of funds" based on the formula "what is given is always applied." Last year, some 4.6 trillion Belarusian rubles were "applied" in agribusiness, or USD 212 per hectare of farmland, which represents an increase of 30% compared to U.S. dollar-denominated farm subsidies provided in 2008. The program is definitely executed successfully when it comes to investment growth, but the efficiency of disbursements remains very low.

This is why the question of increasing or cutting subsidies is not a matter of choosing the right path, but a matter of life and death for the economic system. The administration of the country seemed to have found a perfectly simple solution to this critical problem of Belarusian agribusiness: Presidential Ordinance #92 allowed farms to repay the debt accumulated by January 1, 2010 in installments within 10 years. The document also cuts financial obligations of agricultural enterprises to be discharged in 2010 by 1.6 trillion Belarusian rubles to 7.7 trillion rubles. As of November 1, 2009, financial liabilities of domestic farms amounted to 19.6

³ Belarusian gross domestic product amounted to 136.8 trillion Belarusian rubles.

⁴ "Bankruptcy" is used in terms of a command economy here, when bankruptcy is acknowledged by a decision of a supreme administrative authority.

trillion rubles.⁵ The press service of the head of state said the document would facilitate the development of the agricultural sector.

The measure described above is just a common instrument the state has up its sleeve to ensure financial recovery of agricultural organizations. If we leave out the "creative messages" that accompany each decision to cut debts and allow farms to repay in installments, the real reason behind such decisions is the assurance of all concerned parties that Belarusian agricultural enterprises are unable to pay their debts on their own. If they cannot pay, they are not interested in trying to pay, especially those who got used to not paying.

The state, in turn, cannot even demand that the best farms pay their debts, because poor performers would interpret this as a punishment for efforts. A combination of economic, psychological, organizational and political motives encourages irresponsible spending of budget subsidies and indifference to those who provide budget funds and disburse them.

Since agricultural enterprises are unable to meet their current liabilities, there is no use discussing payments in installments: debts will simply be written off when the target date comes, like it happened many times before.

The presidential ordinance offers installment plans for farms' arrears of payments to the republican and local budgets, the Social Security Fund and for consumed energy. Furthermore, the document lists conditions of a ten-year respite to pay economic penalties and fines imposed for untimely payments to the Social Security Fund and violation of the order of payments.

In 2010, the state will be phasing down economic sanctions against non-payments in agribusiness, and farms will only have to pay 61 billion Belarusian rubles in fines, instead of 541 billion rubles. Annual payments of fines are expected to be reduced by 61 billion rubles until 2013 and then increased by the same sum in 2014 – 2019.

⁵ Minister Shapiro said during a year-end meeting that overall financial liabilities of Belarusian agricultural enterprises totaled 34 trillion Belarusian rubles. Apparently, this includes the liabilities that the president allowed covering in installments by his previous regulatory acts. In 2008, total liabilities of farms exceeded their gross output for the first time, and in 2009, liabilities were 26% above the total output.

Anyway, this scheme does not account for the overdue payables that farms inevitably accumulate throughout the year. In 2008, overdue payables rose 25.6% to 1.4 trillion Belarusian rubles, and in 2009, they rose another 36.6% to 1.9 trillion rubles. Even if the general economic situation in Belarus improves in 2010, overdue payables of Belarusian agricultural enterprises will definitely exceed 2 trillion rubles.

The inevitable growth in debts stops us from sharing the optimism of official commentators, who claim that the presidential ordinance will not only cut debts and make repayment easier, but also encourage farms to develop productions and meet bank and budget loan obligations. Our pessimism applies not only to the future of the presidential regulatory act, but also to the entire agricultural system of the country, for it is based on long-term monitoring of Belarusian agribusiness, which shows that financial appetites of the agricultural system have been growing, however, strange as it may seem, performance indicators of Belarusian farms seem to deteriorate in inverse proportion to increasing spending.

Fight for quality

The year 2010 has been dubbed the "year of quality", however, President Lukashenko set the agricultural sector quality-related tasks back in 2009, when the Belarusian administration suffered serious stress caused by the "milk war" with Russia. In August, Lukashenko said during his visit to Nesvizh District: "We must be able to sell milk and export it. The European Union does not mind certifying our produce, but it must meet certain standards." Quality is determined by efficiency, in economic terms, but the president chose to skip the issue of loss-making dairy farms, despite the fact that they dominate in Belarus, and without them there is no reaching gross production targets.

Meanwhile, it is the emphasis on quantity that impeded quality improvements. There are state quality standards for milk and dairy products, just like for any other commodities. Milk is categorized into premium, first and second grades, and no-grade milk. None of the above standards met European requirements, which is why Belarus introduced a new "extra" grade in January 2008, whereas procurement of no-grade milk by processing enterprises was banned.

It appeared that changing technical standards was easier than improving milk quality. Domestic requirements will be met using lower-grade produce, whereas "extra" class dairy products will be exported. The compromise was hailed by everyone, despite the fact that, based on various estimates, only 1% to 5% of Belarusian milk meets the "extra" grade quality requirements.

Prospects of structural reform

Like any other command economy, Belarus keeps looking for the best possible combination of performance indicators and administrative controls. The number of indicators is growing, while controls are getting tighter, hence changes in the structure of the management system and emergence of new control and monitoring agencies. In mid-February 2010, President Lukashenko decided on a new structural change and demanded that a new control department be established in the agricultural sector, the so-called Belselkhoznadzor.

When giving reasons for setting up a new control body, the president cited not only internal circumstances, but also new foreign trade requirements originating from Customs Union agreements, which called for upgrading Belarusian standards to those applying in the other member states. The new watchdog is a crossover between the national quality police and state inspection in the Agriculture and Food Ministry; the status of the former grants it extraordinary powers, but the obligations of the latter will make it a victim of the race for gross figures.

What does the outlook for the agricultural sector look like? It will continue playing its role of the "absolute debtor" to the national economy.

APPENDIX

REFERENCES

REFERENCE INFORMATION

Overview

The Republic of Belarus is a unitary democratic social state governed by the rule of law. The present Constitution of the Republic of Belarus has been in force since 1994 with alterations and amendments introduced following the republican referenda of November 24, 1996 and October 17, 2004.

The President of the Republic of Belarus is the head of state. The National Assembly of the Republic of Belarus, which consists of two chambers – the House of Representatives (110 members) and Council of the Republic (64 members) is the representative agency of state power and body of legislation. The Council of Ministers of the Republic of Belarus headed by a prime minister performs functions of an executive authority.

The governmental power in the Republic of Belarus is exercised on the basis of its division into the legislative, executive and judicial branches. Government agencies are independent within their mandates: they interact, constrain, and counterbalance each other.

The Constitutional Court of the Republic of Belarus exercises supervision over constitutionality of statutory acts.

According to the *United Nations Human Development Report 2009*, the Republic of Belarus takes the 68th position among 182 countries with a high level of human development (the 64th position in the previous Report). The *human development index* in Belarus increased from 0,704 in 1990 to 0,826 in 2007.

Source: Human Development Report 2009. Overcoming Barriers: Human Mobility and Development. M.: Whole World, 2009. [Electronic resource]

<http://www.un.org/ru/> (c. 152, 172).

AUTHORITIES

President of the Republic of Belarus

The President of the Republic of Belarus is the Head of State, guarantor of the Constitution of the Republic of Belarus, human rights and liberties. The President is elected directly by the people of the Republic of Belarus for a term of office of five years by universal, free, equal, direct, and secret ballot without re-election restriction.

The rights, duties and the status of the President of the Republic of Belarus are laid down in the Constitution of the Republic of Belarus and the law on the President of the Republic of Belarus of February 21, 1995.

Alexander Grigoryevich Lukashenko has been the President of the Republic of Belarus since 1994. He was re-elected twice in 2001 and 2006. In 2004, President Lukashenko initiated the third referendum, following which the ban on more than two tenures was abolished that allowed him to be elected for the third term.

Administration of the President of the Republic of Belarus

The Administration of the President of the Republic of Belarus is an agency of state administration, which renders assistance to the President of the Republic of Belarus in the field of the state personnel policy, ideology of the Belarusian state, law, development, execution, and supervision over execution of decisions of the President of the Republic of Belarus.

Legislative regulation of activity of the Presidential Administration

The Constitution of the Republic of Belarus (the wording of 1996) entitles the President to form, dismiss, and reorganize the Administration of the President of the Republic of Belarus.

The law on the President of the Republic of Belarus of February 21, 1995 establishes that the Administration of the President is formed to ensure direct support to actions of the President in line with regulations and staffing pattern approved by the President.

Provision 1 on the Administration of the President of the Republic of Belarus was approved by decree of the President of August 5, 1994. Decree No.97 on the Administration of the President of the Republic of Belarus of January 23, 1997, which approved the new provision on the Administration of the President of the Republic of Belarus and also its structure, was issued following the adoption of a new wording of the Constitution of the Republic of Belarus in 1996.

In 2008, decree No.58 of the President of the Republic of Belarus of January 31, 2008 and decree No.572 of the President of the Republic of Belarus of October 22, 2008 introduced alterations and amendments to the provision on the Administration of the President of the Republic of Belarus and its structure.

Presidential decree No.21 of January 11, 2001 (with alterations and amendments under decree No.65 of the President of the Republic of Belarus of February 11, 2005) approved regulations on an assistant to the President of the Republic of Belarus, which established the procedure of appointment and relief from duty of assistants to the President, and their official duties.

As of late 2008, the composition of the Presidential Administration was as follows:

Head of the Administration of the President of the Republic of Belarus: *Vladimir Vladimirovich Makey*

First Deputy Head of the Administration of the President of the Republic of Belarus: *Natalia Vladimirovna Petkevich* (appointed January 9, 2009)

Deputy Heads of the Administration of the President of the Republic of Belarus:

Leonid Vasilyevich Anfimov

Nikolai Gennadyevich Snopkov (until December 2009)

Valery Vatslavovich Mitskevich (since June 4, 2009)

NATIONAL ASSEMBLY OF THE REPUBLIC OF BELARUS

The *National Assembly of the Republic of Belarus* — the parliament — is the representative and legislative body of the Republic of Belarus

The Parliament consists of two chambers: the House of Representatives and the Council of the Republic

The House of Representatives totals 110 deputies.

Election of deputies to the House of Representatives is carried out in accordance with the law on the basis of universal, equal, free, direct electoral suffrage and by secret ballot.

The *Council of the Republic of the National Assembly* of the Republic of Belarus is a chamber of territorial representation. The Council of the Republic consists of eight deputies from every region (oblast) and the city of Minsk elected at meetings of deputies of local councils of deputies of the primary level of every region (oblast) and the city of Minsk. Eight members of the Council of the Republic are appointed by the President of the Republic of Belarus.

Election procedures are established by the Election Code of the Republic of Belarus No.370-3 of February 11, 2000.

The term of powers of the Parliament is four years.

Decisions of the House of Representatives are taken by laws or enactments. Enactments of the House of Representatives are taken with regard to matters of order and supervision.

The legal status, principles, contents, procedures of organization and activities of the National Assembly are established by law No.370-3 of July 8, 2008 on the National Assembly of the Republic of Belarus.

Rights and obligations of members of the House of Representatives and members of the Council of the Republic of the National Assembly, basic legal and social guarantees of performance of their duties are established by law No.196-3 of November 4, 1998 on the status of deputies of the House of Representatives and members of the Council of the Republic of the National Assembly of the Republic of Belarus. In 2008, alterations and amendments to the law were introduced twice by law of the Republic of Belarus No.408-3 of July 15, 2008 and law No.409-3 of the Republic of Belarus of July 15, 2008.

Activities of the House of Representatives, its bodies and deputies are regulated by the rules of procedure of the House of Representatives of the National Assembly adopted by resolution No.1033-П3/IX of the House of Representatives of October 9, 2008.

Activities of the Council of the Republic, its bodies and members are regulated by the rules of procedure of the Council of the Republic of the National Assembly adopted by resolution No.57-CP4/I of the Council of the Republic of December 19, 2008.

Composition of the House of Representatives of the National Assembly of the Republic of Belarus

A chairperson of the House of Representatives, vice-chairperson and the Council of the House of Representatives represent directing bodies of the House of Representatives.

Chairman of the House of Representatives: *Vladimir Pavlovich Andreichenko*

Vice-Chairman of the House of Representatives: *Valery Nikolaevich Ivanov*

The Council of the House of Representatives includes the chairman, vice-chairman of the chamber and chairpersons of all *standing commissions* of the chamber:

Nikolai Leonidovich Samoseyko, chairman of the standing commission for legislation and judicial-legal matters;

Victor Aleksandrovich Guminsky, chairman of the standing commission for national security;

Vasily Mikhaylovich Baikov, chairman of the standing commission for state construction, local self-government and rules of procedure;

Sergey Ivanovich Kryzhevich, chairman of the standing commission for agrarian matters;

Vladimir Matveyevich Zdanovich, chairman of the standing commission for education, culture, science and scientific and technical progress;

Alexander Nikolaevich Yushkevich, chairman of the standing commission for human rights, national relations and the mass media;

Sergey Aleksandrovich Maskevich, chairman of the standing commission for international affairs and connections with the CIS;

Mikhail Ivanovich Rusy, chairman of the standing commission for Chernobyl issues, ecology, and wildlife management;

Alexander Ilyich Antonenko, chairman of the standing commission for budget, finances and tax policy;

Evgeny Antonovich Artyushenko, chairman of the standing commission for monetary policy and banking;

Anna Nikolaevna Lavrukevich, chairperson of the standing commission for labor, social protection, affairs of veterans and disabled persons;

Oleg Ivanovich Velichko, chairman of the standing commission for health protection, physical culture, affairs of family and youth;

Galina Vladimirovna Polyanskaya, chairperson of the standing commission for housing policy, construction, trade and privatization;

Sergey Aleksandrovich Semashko, chairman of the standing commission for industry, fuel and energy complex, transport, communications and entrepreneurship

Composition of the Council of the Republic of the National Assembly of the Republic of Belarus

A chairperson of the Council of the Republic, vice-chairperson and the Presidium of the Council of the Republic represent the directing bodies of the Council of the Republic.

Chairman of the Council of the Republic: *Boris Vasilyevich Batura*

Vice-Chairman of the Council of the Republic: *Anatoly Nikolaevich Rubinov*

The Presidium of the Council of the Republic includes a chairperson, vice-chairperson, and chairpersons of *standing commissions*, namely

Eugeniy Aleksandrovich Smirnov, chairman of the standing commission of the Council of the Republic for legislation and state construction;

Vadim Aleksandrovich Popov, chairman of the standing commission of the Council of the Republic for economy, budget, and finances;

Antonina Petrovna Morova, chairperson of the standing commission of the Council of the Republic for education, science, culture, and social development;

Gennady Vasilyevich Novitsky, chairman of the standing commission of the Council of the Republic for regional policy and local self-government;

Nina Nikolaevna Mazai, chairperson of the standing commission of the Council of the Republic for international affairs and national security.

COUNCIL OF MINISTERS

The executive power in the Republic of Belarus is exercised by the Government, the Council of Ministers of the Republic of Belarus, the central body of state administration, which administers the system of subordinate bodies of state administration and other executive organs. Its major powers are established by the Constitution and law No.424-3 of July 23, 2008 on the Council of Ministers of the Republic of Belarus.

The Government is accountable to the President of the Republic of Belarus and responsible to the Parliament of the Republic of Belarus.

The Government of the Republic of Belarus issues resolutions, which have binding force in the entire territory of the Republic of Belarus.

Decisions of the Council of Ministers of the Republic of Belarus can be abolished by acts of the President of the Republic of Belarus.

According to the Constitution, the Government of the Republic of Belarus consists of a prime minister, his deputies, and ministers. The list of ministries is not established by the Constitution; its structure is determined by the President in line with paragraph 7 of article 84 of the Constitution. He appoints and dismisses deputies of a prime minister, ministers, and other members of the Government.

The structure of the Council of Ministers is established by the law on the Council of Ministers of the Republic of Belarus.

Composition of the *Presidium of the Council of Ministers* is established by the Law on the Council of Ministers of the Republic of Belarus:

- prime minister of the Republic of Belarus
- head of the Administration of the President of the Republic of Belarus
- chairperson of the State Control Committee of the Republic of Belarus
- chairperson of the board of the National Bank of the Republic of Belarus
- deputy prime minister of the Republic of Belarus
- ministers
- chairpersons of state committees

- head of the Council of Ministers' machinery
- chairperson of the presidium of the National Academy of Sciences
- chairperson of the board of the Republican Union of Consumers' Societies
- other officials by a decision of the president

Presidium of the Council of Ministers of the Republic of Belarus

For operating decisions, which fall under competence of the Council of Ministers of the Republic of Belarus, it forms a standing body, the Presidium of the Council of Ministers of the Republic of Belarus, which includes a prime minister of the Republic of Belarus, his deputies, head of the Administration of the President of the Republic of Belarus, chairperson of the State Control Committee of the Republic of Belarus, chairperson of the board of the National Bank of the Republic of Belarus, minister of economy, minister of finance, and minister of foreign affairs.

The Council of Ministers of the Republic of Belarus is entitled to form standing or temporary commissions and other groups to elaborate offers on particular question, development of draft decisions of the Council of Ministers of the Republic of Belarus, and also for performance of particular missions.

Composition of the Council of Ministers

Heads:

Prime Minister*: *Sergey Sergeyevich Sidorsky*

First Deputy Prime Minister*: *Vladimir Ilyich Semashko*

Deputy Prime Minister*: *Ivan Mikhaylovich Bambiza*

Deputy Prime Minister*: *Victor Pavlovich Burya*

Deputy Prime Minister*: *Andrei Vladimirovich Kobyakov*

Deputy Prime Minister* (since June 2009): *Vladimir Nikolayevich Potupchik*

Other members of the government

Head of the Presidential Administration*: *Vladimir Vladimirovich Makey*

* Members of the Presidium of the Council of Ministers Constitutional Court

Chairman of the State Control Committee*: *Zenon Kuzmich Lomat*

Chairman of the Board of the National Bank*: *Pyotr Petrovich Prokopovich*

Chairman of the Presidium of the National Academy of Sciences of the Republic of Belarus: *Mikhail Vladimirovich Myasnikovich*

Head of the Council of Ministers Machinery: *Konstantin Alekseyevich Martynetsky*

Ministries:

Minister of Architecture and Construction: *Alexander Ilyich Seleznyov*

Minister of the Interior: *Anatoly Nilovich Kuleshov* (appointed June 2, 2009)

Minister of Municipal Housing Economy: *Vladimir Maksimovich Belokhvostov*

Minister of Health: *Vasily Ivanovich Zharko*

Minister of Foreign Affairs*: *Sergey Nikolaevich Martynov*

Minister of Information: *Oleg Vitoldovich Proleskovsky* (since December 2009)

Minister of Culture: *Pavel Pavlovich Latushko* (appointed June 4, 2009)

Minister of Forestry: *Pyotr Mikhaylovich Semashko*

Minister of Defense: *Yuri Viktorovich Zhadobin*

Minister of Education: *Alexander Mikhaylovich Radkov*

Minister of Taxes and Dues: *Vladimir Nikolayevich Poluyan*

Minister of Emergency Situations: *Enver Rizaevich Bariev*

Minister of Natural Resources and Environment Protection: *Vladimir Grigoryevich Tsalko*

Minister of Industry: *Alexander Mikhaylovich Radevich* (appointed June 26, 2009)

Minister of Communications and Informatization: *Nikolai Petrovich Panteley*

Minister of Agriculture and Foodstuffs: *Semyon Borisovich Shapiro*

Minister of Sports and Tourism: *Oleg Leonidovich Kachan* (appointed June 26, 2009)

Minister of Trade: *Valentin Sergeyevich Chekanov*

Minister of Transport and Communication: *Ivan Ivanovich Shcherbo* (appointed June 26, 2009)

Minister of Labor and Social Protection: *Marianna Akindinovna Shchetkina* (appointed December 4, 2009)

Minister of Finance*: *Andrei Mikhaylovch Kharkovets*

Minister of Economy*: *Nikolai Gennadyevich Snopkov* (appointed in December 2009)

Minister of Energy: *Alexander Vladimirovich Ozerets*

Minister of Justice: *Victor Grigoryevich Golovanov*

State committees:

Chairman of the State Security Committee: *Vadim Yurievich Zaitsev*

Chairman of the State Military-Industrial Committee: *Sergei Petrovich Gurulev*

Chairman of the State Committee for Property: *Georgy Ivanovich Kuznetsov*

Chairman of the State Committee for Science and Technologies: *Igor Vitalyevich Voytov*

Chairman of the State Committee for Standardization: *Valery Nikolayevich Koreshkov*

Chairman of the State Boundary Committee: *Igor Anatolyevich Rachkovsky*

Chairman of the State Customs Committee: *Alexander Frantsevich Shpilevsky*

Government organizations subordinate to the Council of Ministers:

Chairman of the Belarusian State Concern of the Food Processing Industry Belgospishcheprom (Belgospishcheprom Concern): *Ivan Ivanovich Danchenko*

Chairman of the Belarusian State Concern for Oil and Chemistry (Belneftekhim Concern): *Valery Vladimirovich Kazakevich*

Chairman of the Belarusian State Concern for Manufacture and Sale of Light Industry Products (Bellegprom Concern): *Gennady Yevgenyevich Vyrko*

Chairman of the Belarusian State Concern for Manufacture and Sale of Pharmaceutical and Microbiological Products (Belbiofarm Concern): *Mikhail Mikhaylovch Cherepok*

Chairman of the Belarusian Industrial and Trade Concern of the Forest, Wood-Working and Paper-Pulp Industry (Bellesbum-prom Concern): *Vladimir Edvardovich Shulga*

Chairman of the Board of the Belarusian Republican Union of Consumer Societies (Belkoopsoyuz): *Sergei Dmitrievich Sidko*

Director of the Republican Center for Recuperation and Sanatorium Treatment of the Population: *Nikolai Vladimirovich Mazur*

Commissioner for Affairs of Religions and Nationalities: *Leonid Pavlovich Gulyako*

CONSTITUTIONAL COURT OF THE REPUBLIC OF BELARUS

Supervision over constitutionality of enforceable enactments of the state is exercised by the Constitutional Court of the Republic of Belarus.

The Constitutional Court is guided by the Constitution, law on the Constitutional Court of the Republic of Belarus of March 30, 1994, Code No.139-3 of the Republic of Belarus of June 29, 2006 on the judicial system and status of judges, decree No.14 of the President of the Republic of Belarus of June 26, 2008 on improvement of activities of the Constitutional Court of the Republic of Belarus, and rules of procedure No.P-58/97 of the Constitutional Court of the Republic of Belarus of September 18, 1997.

According to article 116 of the Constitution of the Republic of Belarus, the *Constitutional Court* of the Republic of Belarus is formed of 12 judges from among highly qualified specialists in the field of law, who, as a rule, have scientific degrees.

Six judges of the Constitutional Court are appointed by the President of the Republic of Belarus and six judges are elected by the Council of the Republic.

A chairperson of the Constitutional Court is appointed by the President with the consent of the Council of the Republic. The tenure of the members of the Constitutional Court is 11 years, but reappointment is possible in line with the law.

According to paragraph 84 of article 11 of the Constitution of the Republic of Belarus, the President of the Republic of Belarus dismisses chairpersons and judges of the Constitutional Court as established by the law and to the notification of the Council of the Republic.

The Constitutional Court of the Republic of Belarus initiates work and is entitled to make decisions as soon as at least eight judges of the Constitutional Court of the Republic of Belarus are appointed (elected).

Composition of the Constitutional Court

Chairman of the Constitutional Court: *Pyotr Petrovich Mikla-shevich*

Vice-Chairman of the Constitutional Court: *Alexander Vladimirovich Maryskin*

Judges:

Tatiana Semyonovna Boyko

Stanislav Evgenyevich Danilyuk

Vladimir Petrovich Izotko

Lilia Grigoryevna Kozyreva

Valentina Vasilyevna Podgrusha

Leonid Mikhaylovch Ryabtsev

Olga Gennadyevna Sergeyeva

Anatoly Gerasimovich Tikhovenko

Sergey Petrovich Chigrinov

Tadeush Valentinovich Voronovich (since June 2009)

SUPREME COURT OF THE REPUBLIC OF BELARUS

The Supreme Court of the Republic of Belarus heads the system of law courts being the supreme judicial body, which execute justice on civil and criminal cases and cases on administrative offences, exercises supervision over judicial activity of law courts and exercises other powers in line with legislative acts.

The Supreme Court of the Republic of Belarus is guided by the Constitution of the Republic of Belarus, Code No.139-3 of the Republic of Belarus of June 29, 2006 on the judicial system and status of judges, decree No.54 of the President of the Republic of Belarus of January 25, 1999 on some questions of activity of the Supreme Court.

The Supreme Court of the Republic of Belarus operates in the following structure:

- Plenum of the Supreme Court

- Presidium of the Supreme Court

- Judicial board on civil cases of the Supreme Court

- Judicial board on criminal cases of the Supreme Court

- Judicial board on affairs of intellectual property of the Supreme Court

- Military board of the Supreme Court

System of the ordinary courts

The system of law courts is based on the territorial principle and specialization.

According to the Code of the Republic of Belarus of on the judicial system and status of judges, the law courts of the Republic of Belarus include the Supreme Court, regional, Minsk city, district (city), and military courts (the Belarusian military court and inter-garrison military courts), in particular the Minsk city military court, Belarusian military court, 6 regional courts, 142 district (city) courts in districts, cities of regional subordination, which do not have district division, and districts in cities, and also 6 inter-garrison military courts in view of strength and deployment of military units of the armed forces of the Republic of Belarus, other troops and military units.

Composition of the Presidium of the Supreme Court

Chairman of the Supreme Court: *Valentin Olegovich Sukalo*

First Vice-Chairman: *Alexander Adamovich Fedortsov*

Vice-Chairman: *Valery Leonidovich Kalinkovich*

Vice-Chairman: *Valery Nikolaevich Vyshkevich*

Vice-Chairman: *Evgeny Mikhaylovch Tsarenko*

Vice-Chairperson: *Zhanna Borisovna Shkurdyuk*

Judges

Mikhail Mikhaylovch Kashko

Leonida Iosifovna Bakinovskaya

Nikolai Ivanovich Germenchuk

Galina Kazimirovna Zhukovskaya

Alexander Timofeyevich Raidudin

Victor Adamovich Rakitsky

Vladimir Vasilyevich Sukach

Victor Petrovich Chertovich

Feodor Ivanovich Chubkovets

SUPREME ECONOMIC COURT OF THE REPUBLIC OF BELARUS

The Supreme Economic Court of the Republic of Belarus heads the system of economic courts being a judicial authority, which executes justice by resolution of economic disputes arising from civil, administrative, and other legal relations, exercises supervision over judicial activities of economic courts and exercises other powers in line with legislative acts.

The Supreme Economic Court is guided by the Constitution of the Republic of Belarus, Code of the Republic of Belarus on the judicial system and status of judges of June 29, 2006.

The judicial procedure in economic courts is established by the Constitution of the Republic of Belarus, the Economic Remedial Code of the Republic of Belarus (the wording of law No.137 of June 29, 2006).

System of economic courts

The Republic of Belarus has a uniform system of economic courts based on the territorial principle. The system includes 8 economic courts, namely the Supreme Economic Court of the Republic of Belarus and economic courts of regions and the city of Minsk

Structure:

- Plenum;
- Presidium;
- Judicial board for consideration of cases as a court of primary jurisdiction;
- Cassation board.

Alongside with that, the Supreme Economic Court forms judicial boards for resolution of particular categories of disputes on legal investigations with the participation of tax authorities and legal investigations on economic insolvency (bankruptcy).

In order to elaborate scientifically grounded offers in the field of economic activities and legislation, the Supreme Economic Court has a scientific and advisory council in its structure.

Composition of the Supreme Economic Court

Chairman of the Supreme Economic Court: *Victor Sergeyevich Kamenkov*

Vice-Chairman of the Supreme Economic Court: *Alexei Petrovich Yegorov*

Vice-Chairman of the Supreme Economic Court: *Victor Nikolaevich Ryabtsev*

Judges:

Dmitry Petrovich Aleksandrov

Alexander Sergeyevich Dalinchuk

Valery Vladimirovich Zhandarov

Elena Vladimirovna Karavai

Ekaterina Aleksandrovna Karatkevich

Lyudmila Anatolyevna Kolesnikova

Sergei Leontyevich Kulakovsky

Nikolai Dmitrievich Madudin

Elena Mikhaylovna Mayorova

Oksana Nikolayevna Mikhnyuk

Margarita Cheslavovna Posled

Tatiana Mikhaylovna Protashchik

Stepan Petrovich Turmovich

Vladimir Viktorovich Filippovsky

Valery Vasilyevich Shobik

Ruslan Khadyevich Yumaguzhin

PROSECUTOR'S OFFICE

The Prosecutor's Office of the Republic of Belarus is an integrated and centralized system of bodies of the Prosecutor's Office entitled to supervise strict and consistent execution of laws, decrees, regulations and other enforceable enactments in the Republic of Belarus, which also performs other functions established by acts of law.

The area of expertise, structure, and operating procedures of the Prosecutor's Office are fixed in the Constitution, law of May 8, 2007 on the Prosecutor's Office of the Republic of Belarus, regulation on performing the service in bodies of the Prosecutor's Office of the Republic of Belarus (presidential decree No.181 of March 27, 2008) and other legislative acts.

The Prosecutor's Office is entrusted to ensure supremacy of law, legality, law and order, protection of rights and legitimate interests of citizens and organizations, and public and state interests.

The Prosecutor's Office of the Republic of Belarus includes the Prosecutor General's Office, which acts as a central machinery of the system of bodies of Prosecutor's Office, Prosecutor's Offices of regions, the city of Minsk, Prosecutor's Offices of districts (cities), inter-district Prosecutor's Offices, and also specialized Prosecutor's Offices equated to Prosecutor's Offices of regions, districts (cities), and inter-district Prosecutor's Offices.

Prosecutor General is subordinate to the president.

Prosecutor General of the Republic of Belarus

State Counsellor in Justice of the 1st Grade *Grigory Alekseevich Vasilevich* (appointed by presidential decree No.72 of February 08, 2008)

Deputies of the Prosecutor General of the Republic of Belarus:

- Senior Counsellor in Justice *Sergey Ivanovich Myshkovets*
- State Counsellor in Justice of the 3rd Grade *Alexander Mikhailovich Lashin*

- State Counsellor in Justice of the 3rd Grade *Victor Aleksandrovich Konon*
- Senior Counsellor in Justice *Alexei Konstantinovich Stook*
- Senior Counsellor in Justice *Nikolai Ivanovich Kuklis*

**Prosecutors of regions, the Belarusian transport
Prosecutor , Belarusian military Prosecutor:**

- Prosecutor of the Brest region: Senior Counsellor in Justice *Sergey Konstantinovich Khmaruk*
- Prosecutor of the Vitebsk region: Senior Counsellor in Justice *Gennady Iosifovich Dysko*
- Prosecutor of the Gomel region: Senior Counsellor in Justice *Valentin Petrovich Shayev*
- Prosecutor of the Grodno region: Senior Counsellor in Justice *Victor Nikolaevich Morozov*
- Prosecutor of the Minsk region: Senior Counsellor in Justice *Alexander Mikhaylovich Arkhipov*
- Prosecutor of the Mogilev region: Senior Counsellor in Justice *Eduard Aleksandrovich Senkevich*
- Prosecutor of the City of Minsk: State Counsellor in Justice of the 3rd Grade *Nikolai Nikolaevich Kulik*
- Belarusian Transport Prosecutor : State Counsellor in Justice of the 3rd Grade *Anatoly Konstantinovich Dudkin*
- Belarusian Military Prosecutor : Colonel in Justice *Alexander Nikolaevich Dranitsa*

STATE CONTROL COMMITTEE

The *State Control Committee* exercises supervision over execution of the republican budget, use of state property, execution of acts of the president, parliament, government, and other government agencies, which regulate state property relations, economic, financial, and tax relations.

The State Control Committee is formed by the president; chairman of the committee is appointed by the president.

The Committee is guided by the Constitution, law No.369 – 3 of February 9, 2000 on the State Control Committee of the Republic of Belarus, law No.414-3 of July 16, 2008 on financial investigations agencies of the State Control Committee of the Republic of Belarus, and other legislative acts.

Management of structural units of the State Control Committee and its bodies

Chairman of the State Control Committee: *Zenon Kuzmich Lomat*

First Deputy Chairperson of the State Control Committee: *Lyudmila Aleksandrovna Borovskaya*

Deputy Chairman of the State Control Committee: Director of the Financial Investigations Department *Victor Ivanovich Baranovsky* (hold the interim appointment)

Department for Financial Monitoring of the State Control Committee: *Valery Pavlovich Yaroshesky*

STATE SECURITY COMMITTEE (KGB)

Being a component of the national security system of the Republic of Belarus, *state security agencies* ensure security of person, society, and state from internal and external threats within the delegated powers.

The president and Council of Ministers exercise direction of state security agencies within the powers delegated by the president. Prosecutor General of the Republic of Belarus and Prosecutors subordinate to the Prosecutor General exercise supervision over exact and consistent observance of laws and other legislative acts of the Republic of Belarus by state security agencies within the limits of their jurisdiction.

State security agencies are guided by the Constitution of the Republic of Belarus, law No.102-3 of December 3, 1997 on state security agencies of the Republic of Belarus, presidential decree No.116 of March 25, 2003 on foreign intelligence, concept of national security of the Republic of Belarus approved by presidential decree No.390 of July 17, 2001, regulation on the State Security Committee of the Republic of Belarus approved by presidential decree No.566 of November 18, 2004.

Composition of the State Security Committee and its bodies

Chairman of the KGB of the Republic of Belarus: Major General *Vadim Yurievich Zaitsev*

First Deputy Chairman of the KGB of the Republic of Belarus for Counterintelligence: Major General *Victor Pavlovich Vegera*

Deputy Chairman of the KGB of the Republic of Belarus for Economic Security and Fight against Corruption: Colonel *Ivan Stanislavovich Tertel*

Deputy Chairman of the KGB of the Republic of Belarus: Colonel *Leonid Nikolayevich Dedkov*

Deputy Chairman of the KGB of the Republic of Belarus: Major General *Igor Andreyevich Bakhmatov*

Head of the KGB Bureau for the City of Minsk and Minsk Region: Colonel *Vladimir Viktorovich Kalach*

Head of the KGB Bureau for the Brest Region: Colonel *Igor Evgenyevich Busko*

Head of the KGB Bureau for the Vitebsk Region: Colonel *Gennady Anatolyevich Gerasimenko*

Head of the KGB Bureau for the Gomel Region: Colonel *Ivan Anatolyevich Leskovsky*

Head of the KGB Bureau for the Grodno Region: Major General *Ivan Alekseyevich Korzh*

Head of the KGB Bureau for the Mogilev Region: Major General *Igor Petrovich Sergeyenko*

Head of the Bureau for Military Counter-Intelligence of the KGB: Major General *Alexei Ivanovich Zakharov*

Head of the Institute for National Security of the Republic of Belarus: Major General *Igor Nikonovich Kuznetsov*

STATE BOUNDARY COMMITTEE

The *State Boundary Committee* of the Republic of Belarus is a republican organ of government, which implements state boundary policy, ensures boundary security, regulates and manages activities in this sector, coordinates activities of organs of government and other organizations in the field of state boundary policy and boundary security. The State Boundary Committee heads the integrated system of boundary service agencies of the Republic of Belarus

The State Boundary Committee is guided by the Constitution of the Republic of Belarus, legislative acts on state boundary policy and boundary security.

Chairman of the State Boundary Committee of the Republic of Belarus exercises direction of the State Boundary Committee. Chairmen are appointed to the post and are dismissed from the post by the president of the Republic of Belarus.

Chairman is subordinate to the president of the Republic of Belarus, and — in cases within the jurisdiction of the Council of Ministers under the Constitution of the Republic of Belarus, laws of the Republic of Belarus, and instruments of the president of the Republic of Belarus — to the prime minister of the Republic of Belarus.

Chairman has deputies, one of which is a first deputy appointed to the post and dismissed from the post by the president of the Republic of Belarus. The number of deputy chairmen is determined by the president of the Republic of Belarus. The State Boundary Committee includes directorates general, directorates, departments, sectors (groups), and services (with the rights of sectors (groups)).

Management:

Chairman of the State Boundary Committee of the Republic of Belarus: Major General *Igor Anatolyevich Rachkovsky*

First Deputy Chairman, chief of the Main Operations Directorate: Colonel *Andrei Georgievich Gorulko*

Deputy Chairman, chief of the Main Directorate for Ideology and Staffing Support: Colonel *Oleg Borisovich Abyzov*

Deputy Chairman, chief of the Main Directorate for Materiel Control: Colonel *Anatoly Petrovich Lappo*

Deputy Chairman for Regime and Organizational Support: Colonel *Dmitry Grigoryevich Shugai*

MINISTRY OF THE INTERIOR

Internal affairs bodies are law-enforcement agencies engaged in crime control, protection of public order, and ensuring of public safety consistent with the tasks allotted by the law on of the Interior agencies and other legislative acts of the Republic of Belarus.

Law-enforcement bodies are a component of the system of maintenance of national security of the Republic of Belarus.

Law-enforcement bodies are guided by the Constitution of the Republic of Belarus, law No.263-3 of July 17, 2007 on law-enforcement bodies of the Republic of Belarus, decrees and ordinances of the president of the Republic of Belarus, other legislative acts of the Republic of Belarus.

Composition of the Ministry of the Interior:

Minister: Major General of the Police *Anatoly Nilovich Kuleshov*

Central organizational-analytical department

Monitoring and inspections directorate: department of monitoring

Internal security directorate

Directorate for restricted and classified activity

Audit directorate

Military mobilization directorate

Special anti-terrorist unit Almaz

Department of corrections

Department of finance and logistics

Directorate of information and analysis

Belarusian Sports Association Dynamo

First deputy minister of the interior — *chief of the directorate general of the criminal police*

Directorate general of the criminal police

Directorate general for criminal investigation

Directorate for drug enforcement and combating human trafficking

Directorate general for combating corruption and economic crime

Directorate general for operational-investigative activity

Directorate general for combating organized crime and corruption

Interpol National Central Bureau in Belarus

Directorate for hi-tech crime investigation

Deputy minister of the interior — *chief of the public security police*

Public security police and special police

Department of protection

Department of citizenship and migration

Passportization bureau

Special road police unit Strela

Deputy minister of the interior — *Interior Ministry troops commander*

Directorate general of the Interior Ministry troops commander, forces and units of the interior troops

Department of the interior troops of the Military Academy of the Republic of Belarus

Deputy minister of the interior — *chief of preliminary investigation*

Preliminary investigation (of the headquarters and subordinate divisions)

State Forensic Science Center

Deputy minister of the interior — *chief of the main personnel directorate (secretary of state)*

Main personnel directorate

Directorate for international cooperation

Directorate for information and public relations

Educational institution of the Ministry of the Interior

Territorial and transport interior bodies and divisions

MINISTRY OF DEFENSE

The *armed forces* of the Republic of Belarus are a structural element of the state military establishment intended to ensure military security and armed protection of the Republic of Belarus, its sovereignty, independence, and territorial integrity.

The armed forces act in line with the Constitution of the Republic of Belarus, international agreements of the Republic of Belarus, law No.1904-XII of November 3, 1992 on the armed forces of the Republic of Belarus, regulations on performance of active duty, other regulatory enactments.

The military posture of the Republic of Belarus is determined by law No.1902-XII of November 3, 1992 on defense; law No.74-3 of January 3, 2002 on the military doctrine.

The armed forces include the central management authority; branches of the armed forces; service arms; special task forces; military educational institutions, and organizations of the Ministry of Defense.

The central management authority includes the Ministry of Defense and Joint Staff of the armed forces, which is an organizational unit of the Ministry of Defense.

The branches of the armed forces are the land forces; air force and air defense troops.

The overall direction of the armed forces is carried out by the president of the Republic of Belarus, commander-in-chief of the armed forces, and the Council of Ministers within the power delegated by the President.

Management:

Minister of Defense of the Republic of Belarus: Lieutenant General *Yuri Viktorovich Zhadobin*

Chief of the Joint Staff of the Armed Forces: First Deputy Minister of Defense of the Republic of Belarus Major General Pyotr Nikolayevich Tikhnovsky

Deputy Minister of Defense for Personnel and Military Training: Chief of the Central Personnel Administration of the Ministry of Defense Major General *Mikhail Vasilyevich Puzikov*

Deputy Minister of Defense of the Republic of Belarus for Arms Materiel: Chief of Arms of the Armed Forces Major General *Ivan Vasilyevich Dyrman*

Deputy Minister of Defense for Logistics: Service Support
Commander of the Armed Forces Major General *Alexander
Vasilyevich Boligatov*

Commander of the Land Forces: Major General *Alexander
Nikolaevich Nikitin*

Commander of the Air Force and Air Defense of the Armed
Forces: Major General *Igor Pavlovich Azaryonok*

PUBLIC HEALTH SERVICES

According to the National Statistics Committee of the Republic of Belarus, as of early 2010, the population of Belarus was estimated at 9,480,000, including 4,417,000 men and 5,063,000 women, with a 192,000 year-on-year decline taking into account the preliminary results of the population census of 2009 (see National Statistics Committee of the Republic of Belarus — BELSTAT: <http://belstat.gov.by/homep/ru/indicators/population.php> and <http://news.tut.by/133218.html>).

The Life Expectancy Index as of 2007 (published in 2009)

| Rank | Country | Life expectancy, years | Men | Women |
|------|-----------|------------------------|------|-------|
| 1 | Japan | 82.7 | 79.0 | 86.2 |
| 37 | Barbados | 77.0 | 74.0 | 79.7 |
| 46 | Poland | 75.5 | 71.3 | 79.7 |
| 85 | Lithuania | 71.8 | 65.9 | 77.7 |
| 105 | Belarus | 69.0 | 63.1 | 75.2 |
| 110 | Ukraine | 68.2 | 62.7 | 73.8 |
| 116 | Russia | 66.2 | 59.9 | 72.9 |

Source: <http://gtmarket.ru/ratings/life-expectancy-index/life-expectancy-index-info>

In January-August, the number of deaths increased 0.9% year-on-year and exceeded 89,400 (see <http://www.open.by/health/10342>)

The central department for employment and population policy of the Ministry of Labor and Social Protection informs that the number of deaths went up both in cities (101.1%) and villages (100.7%). The highest increase is reported in the Grodno region (102.6%), while in January-August 2009, there was a 1.9% decrease in the number of deaths in the Mogilev region as against January-August 2008, and a 0.2% decrease in the Gomel region.

Over eight months of 2009, the crude mortality rate went up from 13.6 to 13.9 pro mille year-on-year. In the opinion of experts, the leading causes of death are diseases of the circulatory system (54.2%), cancer (13.4%), old age and external causes (10.1%).

In January-August 2009, the child mortality rate decreased 0.1 pro mille and reached 4.5 per 1,000 newborn infants. The level of infantile death rate specified in the National Program of Demographic Safety (below 6 pro mille) is achieved in almost all regions and the city of Minsk. The rate of 6.5 pro mille is reported in the Gomel region.

According to official sources, public expenditure on health increased from US \$59 per capita in 2001 up to US \$160 in 2006. In 2009, the amount of financing of the public health sector stood at BYR 5.127 trillion (see http://www.ej.by/news/2010-01-21/v_belarusi_raschody_na_zdravoochranenie_sokraschay.html).

Social and economic safety index in the Republic of Belarus

| Indices | Threshold values ¹ | Index value in Belarus | | | Possible socio-political, economic and environmental impacts of threshold bounds violation |
|---|-------------------------------|------------------------|------|------|--|
| | | 2002 | 2010 | 2020 | |
| Life expectancy at birth, years | At least 75 | 68.0 | 70.0 | 71.0 | Decrease in population, reproduction decline |
| Aggregate fertility rate (number of children born by a woman of fertile age), persons | At least 2.15 | 1.2 | 1.3 | 1.4 | No simple generation change |
| Conditional depopulation rate (deaths to births ratio) | No more than 1 | 1.7 | 1.7 | 1.6 | Intensive depopulation, population extinction |
| Income differences coefficient (10% high- and 10% low-income population groups) | No more than 10 | 5.9 | 5.6 | 6.0 | Social structure antagonism |
| Alcohol consumption level, liters of dehydrated alcohol per capita, annual | No more than 8 | 10.0 | 9.0 | 7.0 | Physical degradation of population |

¹ National Safety of the Republic of Belarus. Ccurrent State and Perspectives / M.V. Myasnikovich [and others] — Mn.: IOOO Law and Economy, 2003.

SCIENCE

The scientific potential of Belarus is concentrated in the National Academy of Sciences of Belarus (NAS), institutions of higher education, scientific research institutes and centers, and design bureaus. Fundamental and applied research is conducted by nearly 30,000 persons at 300 institutions.

Belarus is among the leading countries with respect to fundamental research in the field of physics, mathematics, advanced materials, and software. Techno-parks and technology transfer centers promote scientific research findings on the domestic and foreign markets. Research and development centers hugely contribute to enhancement of the science-production cooperation (see *EXPORT.by* portal).

According to the World Bank, Belarus is ranked 59th in the world and 3rd in CIS regarding the economy index and leads with respect to the level of educational and ICT development.

Belarus is ranked below Russia and Ukraine by the scientific and technical potential being the third in the CIS. The innovation infrastructure includes the High Technologies Park, 10 scientific technological parks, 5 innovation centers, 24 technology transfer centers, 9 business incubators, 10 information and marketing centers. Most of them are state-controlled; their efficiency is rather low, and impacts on private business advance are not enough, not to speak of the national economy of Belarus as a whole.

It is customary to assume that for normal development of the scientific and technical potential, the research intensity (the ratio between the R&D expenses and Gross Domestic Product) should be more than 1% of GDP. In industrialized countries this parameter reaches 2.5% to 3.0% and over. If it accounts for 1% and below, the research intensity is considered to be critical.

In 1990, the research intensity in Belarus made up 1.47% of GDP (0.73% in 1997 and 0.72% in 2000).

The *Socioeconomic Development Program* envisaged the research intensity at the rate of 1.2% to 1.4% in 2010. However, the state failed to approach this target. In 2005, the research intensity constituted 0.68%, 0.75% in 2008, and 0.7% in 2009.

According to the official statistics, in 2009, Belarusian scholars worked out more than 260 advanced industrial technologies (up

70% compared to 2007). Among the recent achievements of Belarusian scientists is creation of the first-ever optical semiconductor lasers radiating in the blue region of the spectrum, laser TV, newest technologies enabling to create light-emitting diodes and elements of optical data storage devices of the new generation intended for satellite communication. Experts say the situation in the field of science began to improve before the crisis and many scholars were coming back from abroad.

In 2008, scientists of the National Center for Particle Physics and High Energy of the Belarusian State University took part in creation of the international linear collider, and in 2009, Russian and Belarusian scientists set about development of supercomputers, unique on the world market. The new supercomputer is able to perform up to 500 trillion operations per second, while the capacity of first line SKIF-family computers was up to 0.5 trillion operations per second. Forth line SKIF-family supercomputers are being developed under the SKIF-GRID Union program.

In 2009, the Belarusian Scientific Research Institute of Epidemiology and Microbiology generated a special-purpose panel of reagents for diagnostics of influenza A(H1N1), the so-called swine flu, and studying of its etiological factor. The panel allows carrying out instant diagnosis in patients with clinical signs of the flu in one or two days.

EDUCATION

The Ministry of Education of the Republic of Belarus provides regulation, management and governmental monitoring in the education sector (<http://www.minedu.by/>).

The *Education Index* — a composite index of the United Nations Development Program (UNDP) — is measured by the adult literacy rate and the combined primary, secondary, and tertiary gross enrollment ratio. In the list of countries by Education Index published in 2009, Belarus is ranked 68th (the index being 0.961). For comparison: Norway is the first; Poland is 41st; Lithuania is 46th; Latvia is 48th; the Russian Federation is 71st; Ukraine is 85th (see: <http://gtmarket.ru/ratings/education-index/education-index-info>).

The adult literacy rate in Belarus makes up 99.7%. The ratio of university students is 453 per 10,000 population. It is the highest index over the entire history of independent Belarus and one of the highest indices in the world. In 2009, vocational schools admitted more than 59,000 persons, which is 24% more than in 2008; 90,000 became university students (the information was provided by Deputy Prime Minister of Belarus V.N. Potupchik on October 28, 2009. See <http://house.gov.by/index.php/,992,22811,1,,0,0,0.html>)

The following legislative and statutory acts constitute the legal framework of the education system:

- Law No.1202-X II on education of October 29, 1991;
- Law No.252-3 on higher education of July 11, 2007;
- Law No.141-3 on general secondary education of July 5, 2006;
- Law No.216-3 on vocational technical training of June 29, 2003;
- The law on vocational technical training;
- The law on education of mentally and physically challenged persons (special education);
- Resolution No.1255 of the Council of Ministers of the Republic of Belarus on approval of regulations on reimbursement of costs of training of a worker (employee), expert to the republican and (or) local budgets of September 23, 2006;
- Decree of the President of the Republic of Belarus No.80 on the procedure of admission to higher educational and specialized secondary educational establishments of February 7, 2006.

Source: Ministry of Education, <http://www.minedu.unibel.by/ru/main.aspx?guid=1061>.

Basic quantitative indicator of the education system

According to Tatiana Kovaleva, Deputy Minister of Education, in 2009, four schools opened in Minsk, one school opened in each of the Gomel and Brest regions; 97 schools closed. Most of the closed schools are located in rural districts: low attendance (some schools only totaled three to four students), in want of repair or re-equipment (the information is provided by Tatiana Kovaleva, Deputy Minister of Education, see: <http://pda.sb.by/post/90055/>).

Comparative analysis of education development in the regions of Belarus as of early 2009/2010 academic year (Source: Main Information and Analysis Center of the Ministry of Education of the Republic of Belarus: <http://giac.unibel.by/ru/main.aspx?guid=15941>)

Preschool institutions

4,087 preschool institutions as of January 1, 2009 (managed by the Ministry of Education: 3,872/94.7%); number of pupils: **367,739**; the total number of seats: 365,131.

Compared with a year earlier, the total number of preschool institutions was down 22 units (0.5%).

Out of the total number of pupils, 49,394 (13.4%) attend schools where studies are conducted in the Belarusian language; 318,285 (86.6%) attend schools where studies are conducted in the Russian language; 60 children (0.02%) use the Polish language.

Orphans and children deprived of parental care

Orphans and children deprived of parental care in foster families as of January 1, 2009: 24,420 (431 children more than in 2008).

As many as 3,242 children and persons of full age were adopted by foreign persons (3,237 as of January 1, 2008).

Higher educational institutions

As of early 2009/2010 academic year: **53** higher educational institutions in total, **43** of them are state managed ones, including the Academy of Management under the President of the Republic of Belarus:

- Universities – 31;
- Academies – 7;
- Institutes – 2;
- Higher education colleges – 3.

State universities employ **25,716** teachers including employees holding second jobs, among them: doctors of sciences – **1,281** persons, doctoral candidates – **8,180** persons; professors – **1,205** persons; associate professors – **6,547** persons.

Basic quantitative characteristics of state universities base

| Number of universities, total | Number of students, persons | Including, by educational form | | | | | |
|-------------------------------|-----------------------------|--------------------------------|----------|-----------------|----------|---------------------|----------|
| | | full-time education | | evening courses | | extra-mural courses | |
| | | total | admitted | total | admitted | total | admitted |
| 43 | 372766 | 201312 | 48703 | 664 | 252 | 170790 | 36485 |

In 2009, state universities of the republic admitted **85,440** persons, which is **6,309** more than last year.

Specialized secondary educational establishments: Belarus totals **199** state-managed specialized secondary educational establishments and **12** private educational institutions.

The total number of students of state-managed educational institutions reaches 145,400 persons, which is 6,600 persons more than last year.

Vocational technical training: 232 establishments in total, including 225 state-managed and 7 private ones.

Establishments of out-of-school education: **387** establishments in total, which is 3 establishments more than last year (as of December 1, 2009).

Daytime general education schools and residential schools: **3,656** in total (93 schools less than last year (as of September 5, 2009/2010 academic year), including 3,651 establishments subordinate to the Ministry of Education, one subordinate to the Ministry of Social Protection, one subordinate to the Ministry of

Culture, one subordinate to the Ministry of Defense, one subordinate to the National Bank, and one subordinate to the Ministry of Emergency Situations.

Alongside with that, by the beginning of the academic year, the country totaled **9** private educational establishments.

NONGOVERNMENTAL ORGANIZATIONS

As of January 1, 2010, The Ministry of Justice registered **15** political parties and **994** party entities, **35** trade unions and **22,885** trade union entities, **2,225** public associations (including 226 international, 667 republican, 1,332 local ones, and **31,636** of their organizational entities), **22** unions of public associations, and **84** foundations (including 9 international, 4 republican and 71 local ones). *Source:* Ministry of Justice of Belarus (<http://minjust.by/>).

In 2009, the Ministry of Justice of the Republic of Belarus reported registration of **94** new public associations (including 3 international, 16 republican, and 75 local ones), and **8** new foundations (including 1 international foundation).

Last year, the ministry registered and had files on **18** new entities of political parties, **748** new entities of trade unions, and **5,228** new entities other public associations.

Basic regulatory documents:

- Law of the Republic of Belarus on public associations;
- Law of the Republic of Belarus on political parties;
- Law of the Republic of Belarus on trade unions;
- Decree No.302 of the President of the Republic of Belarus of July 1, 2005 on particular measures aimed at regulation of activities of foundations;
- Resolution No.48 of the Ministry of Justice of the Republic of Belarus of August 30, 2005 on approval of regulatory legal acts on registration and examination of documents connected with state registration of political parties, trade unions, other public associations, their unions (associations), and also state registration and taking of state register, putting on and taking off records of their organizational entities;
- Resolution No.43 of the Ministry of Justice of the Republic of Belarus of August 3, 2005 on the procedure of publication and content of information about use of property by a fund subject to reporting.

The statistics shows that institutions of justice annually register the number of nongovernmental organizations, which compensates their reduction as a result of voluntary liquidation or compulsory liquidation on the basis of court ruling.

| | 30.10. 2003 | 1.01. 2004 | 1.01. 2005 | 1.01. 2006 | 1.01. 2007 | 1.01. 2008 | 1.01. 2009 | 1.01. 2010 |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Number of new registered NGOs (by corresponding year) | 94 | 155 | 61 | 85 | 100 | 94 | — | 94 |
| Total number of registered NGOs (as of the specified date) | 2248 | 2214 | 2259 | 2247 | 2248 | 2255 | 2221 | 2225 |

Source: Human Rights Center Viasna (<http://www.spring96.org/be/news/31774/>); NGO Assembly (<http://belngo.info/>)

PARTIES

Information about political parties registered in the Republic of Belarus

As of March 7, 2010

Source: Ministry of Justice of the Republic of Belarus (<http://minjust.by/>)

| | |
|--------------------------|---|
| Head: | Liberal Democratic Party |
| Address: | 89a Sadovaya St., Minsk district, Minsk region, 220000 |
| Head: | Gaidukevich, Sergey Vasilyevich |
| Phone: | 503 11 61 |
| Steering body: | Supreme Council |
| Goals: | Construction of a law-governed state with mixed economy by parliamentary methods through advocacy of liberalism and liberal democracy, recognition of the multi-party system, pluralism of opinions, securing of civic rights and liberties, non-violent acts; creation of favorable conditions for dignified life for all citizens of the Republic of Belarus, free development of human personality in the economic, political and cultural spheres. |
| Date of formation: | 05.02.1994 |
| Date of registration: | 24.02.1994 |
| Date of re-registration: | 15.06.1999 |
| Registration number | 025 |

| | |
|----------------|---|
| Name: | Belarusian Social Sports Party |
| Address: | 77a/B Kalinovskogo St. No.3, Minsk, 220000 |
| Head: | Aleksandrovich, Vladimir Aleksan- drovich |
| Phone: | 283 07 50 |
| Steering body: | Council |

| | |
|--------------------------|---|
| Goals: | Assistance in strengthening economically advanced, socially focused, stable state by means of upgrading public regulations; association of progressive forces of the Republic of Belarus for implementation of social programs promoting enhancement of spiritual, cultural and economic potential of Belarusian people; drawing of public attention to issues of upbringing of the younger generation, advocacy of ideas of civilization, patriotism, healthy lifestyle; involvement of citizens in local self-government and fulfillment of social tasks. |
| Date of formation: | 06.11.1994 |
| Date of registration: | 09.12.1994 |
| Date of re-registration: | 13.09.1999 |
| Registration number: | 024 |
| Name: | Belarusian Green Party |
| Address: | 11a Radialnaya St., 220070, Minsk |
| Head: | Novikov, Oleg Anatolyevich |
| Phone: | +375 29 707 36 78 |
| Steering body: | Central Council |
| Goals: | Creation of healthy life environment for a human, with its social and natural parameters to provide maximum possibilities for his development; development of spirituality, high moral attitude to everything alive, formation and spreading of ecological style of thinking, in all spheres of life of people, including the political sphere; peace between nations and states, prohibition and perspective extermination of nuclear, chemical and biological weapons, as well as the most destructive types of general weapons |

Date of formation: 17.04.1994
Date of registration: 03.06.1994
Date of re-registration: 13.09.1999
Registration number: 032

Name: **Social Democratic Party of People's Concord**

Address: 10 Marksa St., Minsk, 220050

Head: Yermak, Sergey Vladimirovich

Steering body: Council

Goals: Construction of civilized law-governed state, promotion to democratic reforms.

Date of formation: 15.03.1997

Date of registration: 21.05.1997

Date of re-registration: 30.09.1999

Registration number: 0014

Name: **Belarusian Agrarian Party**

Address: 7A Fabritsiusa St., Minsk, 220007

Head: Rusy, Mikhail Ivanovich

Steering body: Central Council

Goals: Full-scale participation of party members in activities of governmental and local authorities by delegating elected representatives of the party; political education of citizens, development of the sense of patriotism and statehood; opinion research in the field of public and political policies and bringing it to notice of public, governmental institutions and agencies of local self-government; participation in elections in line with the legislation in force; participation in adoption and implementation of programs aimed at economic and social development of rural areas; preservation of spiritual and moral values of the nation, development of

the potential of material and spiritual culture of Belarusian village

Date of formation: 13.06.1992
Date of registration: 13.07.1992
Date of re-registration: 22.09.1999
Registration number: 034

Name: **Republican Party**
Address: 34 Pritytskogo St., Minsk, 220082
Head: Belozor, Vladimir Yakovlevich
Phone: 203 97 83; 224 90 37
Steering body: Central Board
Goals: Revival and strengthening of the sovereign, humane, democratic state of Belarus with fair alliance with the republics of the former USSR and countries of the West, maintenance of high standards of living; construction of economy on an essentially new basis based on market mechanisms and political sovereignty of the Republic of Belarus and prosperity of its people; strict securing of human rights in the Republic of Belarus.

Date of formation: 12.03.1994
Date of registration: 25.05.1994
Date of re-registration: 30.09.1999
Registration number: 030

Name: **Conservative Christian Party
Belarusian Popular Front**
Address: 8 Masherova Ave., Minsk, 220005
Head: Poznyak, Zenon Stanislavovich
Phone: 285 34 70, 261 36 74
Steering body: Sojm
Goals: Establishment of democratic society and construction of strong Belarusian state.

Date of formation: 26.09.1999
Date of registration: 28.02.2000
Registration number: 0018

- Name: **Belarusian Popular Front**
Address: 8 Masherova Ave., Minsk, 220005
Head: Yanukevich, Alexey Antonovich
Phone: 284 50 12
Steering body: Sojm
Goals: Implementation of the Program of the Public Association Belarusian Popular Front *Adradzhenne* ("Revival") by means of participation and formation of governmental authorities of the Republic of Belarus.
- Date of formation: 30.05.1993
Date of registration: 19.08.1993
Date of re-registration: 30.09.1999
Registration number: 028
- Name: **Republican Party of Labor and Justice**
Address: 17 Kaliningradsky Lane, No.21, Minsk, 220012
Head: Zadnepryany, Vasily Vasilyevich
Phone: 280 48 07; 280 66 11; 290 96 44;
290 96 45
Steering body: Political Council
Goals: Creation of society of economic security and social justice.
- Date of formation: 26.06.1993
Date of registration: 18.08.1993
Date of re-registration: 18.06.1999
Registration number: 022
- Name: **Belarusian United Left Party "Fair World"**
Address: 12 Kalinina Lane, No.312, Minsk, 220012
Head: Kalyakin, Sergey Ivanovich
Phone: 281 68 13, 292 25 73
Steering body: Central Committee
Goals: Association and political development of wage and salary workers for total liberation from all kinds of exploitation

of man by man and construction of
classless society of social justice

Date of formation: 07.12.1991
Date of registration: 26.05.1992
Date of re-registration: 05.07.1999
Registration number: 036

Name: **United Civic Party**
Address: 22 Khoruzhei St., office 38, Minsk,
220123

Head: Lebedko, Anatoly Vladimirovich
Phone: 289 50 09
Steering body: National Committee
Goals: Assistance in constructing civil society
and lawful state on the basis of free
market relations, priority of human
rights, universal values and pluralism
of all development trends of society;
protection of rights, liberties and
legitimate interests of citizens of
Belarus within the framework of the
current Belarusian legislation;
assistance in creating conditions for
higher standards of living of citizens by
decisive reforming of economy and
integration into the global economical
community

Date of formation: 01.10.1995
Date of registration: 28.11.1995
Date of re-registration: 30.07.1999
Registration number: 026

Name: **Belarusian Patriotic Party**
Address: 7 Papanina St., No.107, Minsk, 220089
Head: Ulakhovich, Nikolai Dmitrievich
Phone: 226 32 60
Steering body: Council
Goals: Promotion to construction of socially
just society; assistance in formation of
a renewed union of brotherly nations,

first of all Russia, Belarus, and Ukraine; support to the President in his efforts to implement the election program and immediate anti-crisis measures; protection of national interests, honor and dignity of Motherland in all domains

Date of formation: 08.10.1994
 Date of registration: 10.11.1994
 Date of re-registration: 25.08.1999
 Registration number: 006

Name: **Belarusian Social Democratic Gramada**

Address: 4 Kulman St., Minsk, 220013
 Head: Shushkevich, Stanislav Stanislavovich
 Phone: 226 74 37
 Steering body: Central Council
 Goals: Creation of humane democratic society on a mixed economy basis and multi-party system; legal and social protection of workers; advocacy of the fundamentals of freedom of person, social justice, and solidarity

Date of formation: 15.02.1998
 Date of registration: 27.05.1998
 Date of re-registration: 30.08.1999
 Registration number: 033

Name: **Belarusian Social Democratic Party (Gramada)**

Address: 52/1 Rokossovskogo Ave., 241A, Minsk, 220095
 Head: Levkovich, Anatoly Iosifovich
 Phone: 346 86 94
 Steering body: Central Committee
 Goals: Construction of consolidated society on the basis of freedom, equality, social justice, democracy, and precedence of law; construction of independent, democratic, law-governed, and social

Belarusian state, an equal member of the European and world communities.
Date of formation: 29.06.1996
Date of registration: 29.01.1997
Date of re-registration: 09.09.1999
Registration number: 035

Name: **Communist Party of Belarus**
Address: 21 Chicherina St., No.412, Minsk, 220029
Head: Golubeva, Tatiana Gennadiyevna
Phone: 293 48 88; 293 43 11
Steering body: Central Committee
Goals: Orientation of society to the socialist way of development leading to construction of society of social justice based on the fundamentals of collectivism, freedom and equality; support to democracy, strengthening of Belarusian statehood and reconstitution of the state union of Soviet peoples on a voluntary basis.
Date of formation: 02.11.1996
Date of registration: 21.11.1996
Date of re-registration: 09.09.1999
Registration number: 029

MASS MEDIA

Results of re-registration of media outlets and news agencies; as of February 8, 2010

Source: Ministry of Information of the Republic of Belarus (<http://www.mininform.gov.by/>).

Re-registered print media, news agencies, e-media

| Types | Total | Governmental | Nongovernmental |
|--------------------|-------|--------------|-----------------|
| <i>Print media</i> | | | |
| Newspapers | 563 | 205 | 358 |
| Magazines | 474 | 144 | 330 |
| Bulletins | 34 | 13 | 21 |
| Catalogues | 4 | — | 4 |
| News agencies | 6 | 1 | 5 |
| <i>E-media</i> | | | |
| Radio programs | 147 | 127 | 20 |
| TV programs | 65 | 27 | 38 |

Print media, news agencies, e-media, which failed to pass re-registration

| Types | Total | Governmental | Nongovernmental |
|--------------------|-------|--------------|-----------------|
| <i>Print media</i> | | | |
| Newspapers | 100 | 13 | 87 |
| Magazines | 120 | 35 | 85 |
| Bulletins | 8 | 8 | 5 |
| Catalogues | 2 | — | 2 |
| News agencies | 3 | — | 3 |
| <i>E-media</i> | | | |
| Radio programs | 10 | 9 | 1 |
| TV programs | 7 | 3 | 4 |

As many as **1,075** print media outlets, **211** e-media outlets, and **6** news agencies were re-registered; **230** print media outlets, **17** e-media outlets, and **3** news agencies failed to pass re-registration.

Situation with the mass media in Belarus in 2009 **as rated by international organizations:**

- Reporters Without Borders, Freedom of the Press World Ranking: Belarus is 151th among 175 countries. Despite a certain "improvement" of the situation as compared with a year earlier (154th rating), Belarus remains in the not-free-mass-media zone. A relative improvement of the situation is

connected with statements made by the national authorities concerning cautious liberalization in the mass media sector within the framework of the dialogue with the European Union;

- Freedom House, World Press Freedom Review: 188th among 195 countries;
- Nations in Transit 2009: Belarus is put at 6.57 points on the 1 to 7 scale (7 being the lowest degree of independence); according to this report, Belarus is among the countries with a "consolidated authoritarian regime."

Belarus is usually at the very bottom of the list as rated by seven democratic development indices: election process (6.75 points); civil society (6.25 points); independence of the mass media (6.75 points); democratic rule (6.75 points); local self-government (6.75 points); independence of judicial authorities (6.75 points); level of corruption (6.0 points).

Source: <http://www.freedomhouse.org/uploads/nit/2009/Belarus-final.pdf>

The following events are worth noting since they affected the independent mass media the most in 2009: on November 11, 2009 the Belarusian authorities permitted the European Radio for Belarus to open a news bureau and accredited 12 journalists and staff members.

Activity of other trans-border media outlets is still banned in Belarus. In early December, the Belarusian Foreign Ministry allowed Belsat TV channel to open an office in Minsk. The Prosecutor's Office kept issuing official warnings to journalists for cooperation with the foreign mass media without accreditation. At the same time, the ministry denied accreditation of Belsat and Radio Racyja journalists.

E-media

According to Akavita web service, the following resources lead the field in the Belarusian segment of the Internet:

- TUT.by
- Charter'97 (charter97.org)
- Belorusski Partisan (belaruspartisan.org/bp-forte)
- BelTA News Agency (belta.by)
- Belorusskiye Novosti (Belarusian News, naviny.by)

Print media on the Internet

- *Komsomolskaya Pravda v Belarusi* (Komsomol Truth in Belarus, kp.by)
- PressBall (pressball.by)
- Belarus Segodnya (Belarus Today, sb.by)
- Nasha Niva (Our Field of Grain, nn.by)
- Narodnaya Gazeta (People's Newspaper, ng.by)

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NOVAK Axiometric Research Laboratory

Research Laboratory a privately-owned independent service specialized in social studies, established in 1992 by Andrei Vardomatski, Doctor of Sociology. Annually Novak conducts over 100 qualitative studies (focus groups, in-depth interviews), with five to seven monthly surveys based on the nation-wide representative sample. Since its inception 16 years ago, Novak has been monitoring public opinion in Belarus on major political and economic issues on a monthly basis.

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